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Southeast Asia Report

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16 January 1986

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AUSTRALIA

BRIEFS

U.S. FARM PROTECTION LEGISLATION CRITICIZED--The federal minister for primary industry, Mr Kerin, says United States farm protection legislation will cause major long-term problems for Australian farmers. The new legislation aims at reviving the United States' depressed agricultural sector by subsidizing grain and dairy exports while limiting sugar imports. The legislation, which is being passed by Congress and signed into law by President Reagan, provides \$75,000 million in subsidies for exports--that is about U.S. \$51 billion. In his response, Mr Kerin says the protection measures will hurt Australian wheat, dairy, and sugar producers by making it harder for them to export. He says it is time the question of rural subsidization was put on the agenda for discussion at the General Agreement on Tariffs and Trade. Earlier, a spokesman for the National Farmers Federation criticized the legislation, saying the United States had shirked its responsibility to reduce the massive world stockpile of a range of foodstuff. [Text] [Melbourne Overseas Service in English 0430 GMT 24 Dec 85 BK] /6091

WHEAT SALE TO USSR--Australia has concluded one of its biggest single wheat sales--2.5 million tonnes--to the Soviet Union. The chairman of the Wheat Board, Sir Leslie Price, says the deal will earn around \$500 million in export revenue in the next 6 months--that is about U.S. \$340 million. This makes it, in value terms, the largest sale ever by the board. Sir Leslie says the Soviet Union has been one of Australia's principal customers for many years, and the latest contract further highlights the value the Soviets place on quality Australian wheat. [Text] [Melbourne Overseas Service in English 0430 GMT 25 Dec 85 BK] /6091

CSO: 4200/471

INDONESIA

EXTRADITION TREATY WITH AUSTRALIA INITIALED

Jakarta ANTARA NEWS BULLETIN in English 30 Nov 85 pp A2, A3

[Text] Jakarta, Nov 29 (ANTARA)--Indonesia and Australia initialled an agreed text of an extradition treaty between the two countries here on Thursday.

The details of the treaty were concluded in two days of negotiations between respective delegations led on the Indonesian side by Ms. Budiarti, a senior official of the Ministry of Justice, and on the Australian side by Herman Woltring of the Criminal Law and Security Division of the Attorney-General's Department.

The treaty, which follows established international practice for cooperation between states in the repression of crime, provides for extradition from Indonesia to Australia, or from Australia to Indonesia, of persons who are wanted for prosecution of the imposition or enforcement of a sentence for an extraditable offence.

That is crimes punishable by the laws of both countries by a term of imprisonment of not less than one year. The treaty applies to the full territorial jurisdiction of Indonesia and Australia as defined in their respective laws and in accordance with international law.

The text of the treaty will now be submitted to the respective governments for signature and ratification.

At the conclusion of the negotiations, both delegations expressed their satisfaction with the constructive approach which had enabled the negotiations to be concluded efficiently and expeditiously.

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CSO: 4200/475

INDONESIA

NATUNA TO BE USED FOR JOINT EXERCISES WITH MALAYSIA

Jakarta ANTARA NEWS BULLETIN in English 29 Nov 85 p A6

[Text] Kuching, Nov 28 (ANTARA/OANA-BERNAME)--Malaysia and Indonesia Thursday agreed to use the Indonesian island of Natuna in the South China Sea for joint air and sea exercises.

This was one of the areas of cooperation which was agreed upon at the 14th Malaysia-Indonesia General Border Committee (GBC) meeting in the capital of the East Malaysian State of Sarawak.

Both countries also agreed to study in detail ways of uplifting the living standards of people along the Malaysian Sabah-Sarawak/Indonesian Kalimantan border areas.

This was disclosed at a joint press conference by Deputy Prime Minister Datuk Musa Hitam and Indonesian Armed Forces Chief Gen L.B. Moerdani at the end of the two-hour meeting.

Musa led a 32-member delegation while Gen. Moerdani headed a 30-member delegation.

General Moerdani said that Malaysia and Indonesia considered sea traffic in the Straits of Malacca as a subject of "common concern," and the two countries agreed to intensify joint patrols in the straits, regarded as the most strategic area in the world.

Musa, who is also joint chairman of the committee, said that the use of the Natuna island would not be confined to the holding of joint exercises.

He said Natuna could serve as a vital part in contingency plans against potential threat to both countries, especially that coming from the direction of the South China Sea.

Musa, in his opening speech at the meeting earlier, described the South China Sea as having the potential of becoming an area of dispute in the future.

Apart from the continuing crisis in Indochina, several countries were presently disputing their sovereignty over certain areas in the South China Sea, he said.

"The situation is further aggravated by major powers setting up naval bases in the region," he said.

As such, Musa added, it was appropriate for Malaysia and Indonesia to study potential threats from the air and sea, especially those coming from the direction of the South China Sea.

The next GBC meeting will be held in Indonesia next year.

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CSO: 4200/475

INDONESIA

TRANSMIGRANTS RESETTLED IN SOUTHEAST SULAWESI

Jakarta ANTARA NEWS BULLETIN in English 26 Nov 85 p A2

[Text] Kerdari, Nov 26 (ANTARA)--Southeast Sulawesi Province has since PELITA I (first five-year development plan, 1969-1974) until the first year of PELITA IV (1984-1985) resettled not less than 36,000 transmigrant families, Southeast Sulawesi provincial transmigrational office chief K. Berlin has told newsmen here, adding that during the three previous PELITAs already 34,545 transmigrant families or 142,265 persons had been resettled.

The transmigrants are resettled in 81 units spread in four regencies, viz. Kendari, Kolaka, Buton and Muna regencies under the food crop cultivation scheme.

PELITA IV Target

K. Berlin said that Southeast Sulawesi in PELITA IV is capable of receiving at least 24,250 transmigrant families.

According to Berlin, development in the transmigration sector in principle is the responsibility of all, because the implementation of transmigration is an important part of the national development. "The transmigration program is in principle aimed at raising the insight on national resilience. Its implementation should therefore not be left to the government alone but should also be the general public's responsibility," he said.

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CSO: 4200/474

INDONESIA

TRANSMIGRATION FROM EAST NUSATENGARA TO IRIAN JAYA

Jakarta ANTARA NEWS BULLETIN in English 25 Nov 85 p A6

[Text] Jayapura, Nov 25 (ANTARA)—Some 20,000 families living in critical areas in the East Flores and Sika regencies, East Nusatenggara, will be resettled in transmigration centres in Irian Jaya in the current Pelita IV (fourth five-year development plan—1984/85 to 1988/89).

East Flores Regent Simon Petrus Saliwon and Sika Regent Drs. Daniel Wodapele disclosed here recently that transmigration centres in Irian Jaya generally located in potential areas which have fertile soil.

The two regents were on the occasion visiting Irian Jaya to accompany Minister of Transmigration Martono in his five-day visit to the province to inspect transmigration projects in Prafi and Warmare in the Manokwari regency, and Koya in the Jayapura regency.

Simon said that the development of transmigration centres in Manokwari had so far been running well and the output of agricultural produce in those areas had continued to go up.

He expressed confidence that transmigrants resettled in those transmigration centres would have a bright future. This bright prospect has aroused the interest of people in East Nusatenggara to move to those areas.

The two regents stated their view that it was necessary for those areas to receive transmigrants as many as possible to catch up with the progress made in other areas in the country in the realization of development programs.

The Koya Timur transmigration centre received 600 migrant families in 1983/84, consisting of 466 families from other provinces and 134 families consisting of local resettlers.

The Koya Baray transmigration centre received 500 migrant families in 1982/1983.

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INDONESIA

WEST GERMAN COMPLAINTS ABOUT INVESTMENT PROCEDURES REPORTED

Jakarta ANTARA NEWS BULLETIN in English 27 Nov 85 pp A7, A8

[Text] Jakarta, Nov 26 (ANTARA)--West German business circles felt that the settlement of an application for investment in Indonesia still takes too much time, despite frequent statements by the Investment Board pledging to cut the time.

ANTARA reported from Hamburg that such complaints had been addressed to the Indonesian Embassy in Bonn.

Proof of the delay is the big difference between the number of investment applications approved by the Indonesian Government and those registered by the Board's representative office in Frankfurt.

Figures available at the Investment Board show that West German investments in Indonesia from 1967 to March 31, 1985 were valued at US\$413.6 million, while the Frankfurt office in the past three years registered US\$165 million in investment applications in 1982, US\$648 million in 1983 and US\$84 million in 1984.

The Frankfurt office of the Investment Board, opened in 1982, was closed last October, and the investment promotional activities are now launched by the Indonesian Embassy pursuant to a cooperation accord between the Department of Foreign Affairs and the Investment Board.

The opening of the Frankfurt office was stimulated by the Indonesian wish to "turn to Europe" at that time aimed at diversifying capital resources and technology to make Indonesia not to depend too heavily on certain countries, Japan in particular.

A similar office was also opened in Paris, but now also closed.

Change Partners

Prospective West German investors also complained that their Indonesian partners could not keep their word, and often took up commitments with many other parties for the same project.

A prospective investor had also expressed his disappointment that his Indonesian partner who had contacted him had decided to join another party. The West German businessman also felt that very few Indonesians are willing to become partners.

The ANTARA correspondent who frequently attended business/investment meetings in West Europe kept meeting the same persons.

The West Germans also saw the financial capacity of Indonesian partners as quite limited, making them out of the question in undertaking upstream industrial enterprises normally consisting of capital-intensive major projects. The tragic thing about this is that the Indonesian Government is trying to boost the development of such industries by inviting foreign capital.

The vice president of a giant business company eyeing for a multi-billion dollar energy project said for major projects the best partners in Indonesia are state-owned companies.

There are not many second or third generation rich people in Indonesia, he said.

Increasingly Difficult

A coordination meeting between different Indonesian Government bodies in West Germany held in West Berlin last month realized that it had become increasingly difficult to attract foreign capital to Indonesia.

The reasons are that downstream industrial sectors which generally attract foreign investors had been cloned because the Indonesian market had reached the point of saturation. Downstream industries are open only to foreign capital if all the products involved are for export or if the foreign investors have cooperative societies as their partners.

Investments for the sole purpose of re-exports, as wished for by Indonesia were not parallel with the wishes of West German businessmen abroad.

The chief aim of West German investments abroad is to penetrate protections and other market restrictions in the country of destination, rather than for re-export.

This type of investment is aimed at winning local markets as expansion of domestic industries.

The sector still open and must be promoted include industries for the processing of agricultural produce and upstream industrial enterprises manufacturing machinery, machine tools, raw and complementary materials for the downstream industry.

This sector is not attractive to foreign investors as it is capital intensive using high technology in addition to the narrow markets.

The meeting, chaired by Ambassador Ashadi Tjahjadi decided that the Indonesian Embassy will continue with its promotional activities while awaiting better investment climate in Indonesia.

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CSO: 4200/474

INDONESIA

SUHARTO INAUGURATES, RENAMES EXPANDED SEMARANG SEAPORT

Jakarta ANTARA NEWS BULLETIN in English 23 Nov 85 p A5

[Text] Semarang, 23 Nov (ANTARA)--President Soeharto has appealed to all regions to intensify economic activities and to activate regional development.

The Head of State made this appeal at the inauguration of the new Tanjung Mas port in Semarang Saturday morning, which was also attended by Madame Soeharto and several ministers of the fourth development cabinet.

In his address the president reminded of the importance of creating national efficiency, which should be carried out without delay to fight the current high cost economy.

The President stressed that through national efficiency in all fields and at all levels, all future difficulties could be overcome as fast as possible.

Apart from the national efforts, all regions should do their utmost to continue intensifying economic activities and activating development in the respective regions, he stressed.

The Semarang Tanjung Mas port which was inaugurated Saturday has container loading and unloading facilities. It is expected to be able to speed up the flow of good traffic to other parts of Central Java, the President said. He also expressed the hope that this port would provide greater impetus to Central Java's economic and development growth.

In another part of his address the President said in the current development process from Repelita I to the current Repelita IV (first to fourth five-year development plans) communication development has always had the greatest attention.

In the field of sea communication, many development activities have been carried out so far. "Some time ago we enter the initial stages of modern sea communication activities through the use of container vessels and terminals," he said.

At the inauguration the President named the new port Tanjung Mas port.

Tanjung Mas Seaport

The just inaugurated Semarang's Tanjung Mas seaport was constructed at a cost of about Rp 108 billion or about US\$108 million financed by state budget and Japanese financial aid.

The construction of the port was carried out by PT Bangun Cipta Sarana as main contractor in cooperation with a Japanese contractor. The first phase of the construction works of the port covered the building of pier, warehouses, breakwater, dump storages, fresh water facilities, dredging works and reclamation.

The loading and unloading activities in the Semarang seaport had so far been done the sea by using barges, because ships with more than 3,000 Dwt could not berth at the pier.

The new port will be able to accommodate ships with 20,000 Dwt upward.

The construction of the first phase of the port was started in 1983, while the second phase is expected to be completed by 1990. The construction works of the second phase of port will cover the buildings of coal terminal, various facilities for ocean-going ships and improvement works of old facilities.

The construction works of the second phase of the port is estimated to cost about Rp 89.13 billion or about US\$89.13 million.

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CSO: 4200/474

INDONESIA

SGS EXPEDITING FLOW OF GOODS FROM HONG KONG

Jakarta ANTARA NEWS BULLETIN in English 26 Nov 85 p A7

[Text] Hong Kong, Nov 26 (ANTARA)—The Societe Generale de Surveillance (SGS) plays a great role in expediting the flow of goods into Indonesia, particularly goods from Hong Kong which largely originate from the People's Republic of China (PRC), Indonesian consul general in Hong Kong Yahya has said.

He told Indonesian reporters recently that in the first few months following the enforcement of Presidential Instruction No 4/1985, there had been some delays in the SGS service, specifically in the issuance of the verification reports (LKPs), but at present there is much improvement.

He cited as example that at first the inspection of goods was conducted in warehouses, now it is carried out aboard the barges, so that the flow of goods has been accelerated to a good extent, next to saving warehouse-rent.

In an effort to popularize the Instruction among Hong Kong exporters, brochures about the SGS service has been sent to the Indonesia Club Hong Kong which has some 300 member companies.

Yahya said in the enforcement of the Instruction, the Hong Kong administration has so far not voiced any complaints, considering the volume of trade between Indonesia and Hong Kong is relatively small, compared with its trade with the United States, Japan, and the EEC.

The Indonesian trade attache in Hong Kong, Mochtar, said the inspection of ex-PRC goods, that will be shipped to Indonesia, is conducted by the SGS in Hong Kong.

Concerning the ex-PRC goods, many Hong Kong exporters have complained of the difference of their quoted prices with those set by the SGS.

Approximately 80 percent of the goods exported from Hong Kong to Indonesia originated from the PRC except those goods such as textiles, electronics and children dolls.

Hong Kong's exports to Indonesia in 1984 stood at a value of 4.1 billion Hong Kong dollars, down slightly from 4.3 billion Hong Kong dollars in 1983, while Indonesia's exports to Hong Kong have increased from 953.5 million Hong Kong dollars in 1983 to 1.19 billion Hong Kong dollars in 1984.

INDONESIA

AMBASSADOR SEES NO SINGAPOREAN COMPLAINTS ABOUT SGS

Jakarta ANTARA NEWS BULLETIN in English 28 Nov 85 pp A9, A10

[Text] Singapore, November 28 (ANTARA)--There are no complaints so far from Singaporean businessmen who have been doing business with Indonesia since the enactment of the Presidential Instruction No 4/1985, Indonesian Ambassador to Singapore Rais Abin said here Wednesday evening.

The Presidential Instruction No 4/1985 requires all incoming goods from abroad should be firstly inspected by the authoritative agency, the Societe Generale de Surveillance (SGS), before entering Indonesian ports.

Speaking to the visiting Indonesian reporters here, Ambassador Rais Abin further said that Singaporean big exporting companies have no objection with the presence of SGS, because the presence of SGS will be helpful in speeding up their export of goods to Indonesia.

He added that companies who usually filed their complaints to the Indonesian Embassy here on the delayment of the issuance of the letter of inspection report (LKP) were those who had been playing "unfair games" detrimental to the Indonesian side.

In order to tackle "unfair games," the ambassador proposes regular meeting between Singapore exporting companies, SGS, forwarding companies and shipping companies.

With such a meeting, he went on, it is expected that all problems can be mutually settled without disturbing the flow of goods from Singapore to Indonesia.

Meanwhile, manager of the SGS Singapore representative office Michael D. Honney said that the issuance of LKP's has been running well so far.

He said that since the enactment of the presidential instruction No 4/1985 last May, the SGS Singapore Representative Office has been continuously increasing from 1,511 in May to 2,459 in October.

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CSO: 4200/475

INDONESIA

JAPANESE TO PARTICIPATE IN SETTING UP BIOTECH CENTERS

Jakarta ANTARA NEWS BULLETIN in English 26 Nov 85 p A4

[Text] Tokyo, Nov 26 (ANTARA)--At least four Japanese enterprises in the biotechnological field, have expressed their interest in participating in the setting up of biotech centers at Indonesian institutes of higher learning.

These enterprises are Suntory Ltd., Sakura Instruments, Hitachi Ltd and Sankei Engineering, which are engaged in safety facilities construction, genetic engineering and cell hybridization technology.

They want to participate in the setting up of inter-university centers of biotechnology which will be built at the Bandung Institute of Technology, the Bogor Institute of Agriculture and Gajah Mada University in Yogyakarta.

Japanese enterprise sources said construction work will be started in the 1985/1986 fiscal year and funds amounting to US\$270 million will be made available by the World Bank.

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CSO: 4200/475

INDONESIA

PERTAMINA, JAPANESE COMPANY SIGN EXPLORATION AGREEMENT

Jakarta ANTARA NEWS BULLETIN in English 30 Nov 85 p A1

[Text] Jakarta, Nov 29 (ANTARA)—Pertamina, Indonesia's state oil company, and Japan Petroleum Exploration Company Ltd signed a cooperation contract here Friday on a joint oil exploration on 4,905.35 square kilometres of land in Gebang, North Sumatra.

The signing was done by Pertamina President Director Abdul Rachman Ramly, President of Japan Exploration Co Ltd J. Hidaka and Minister of Mines and Energy Subroto.

Under the cooperation agreement, the Japanese contractor is bound by several conditions, including the requirement to accept all the terms of the joint cooperation contract fixed by the Indonesian Government.

The contractor's concession area will be returned on stages, leaving only about 1,226.25 km² of the concession land by the end of the sixth year.

In the first three years of the contract, both sides are required to spend US\$32,000,000 in obligatory spending, the entire amount of which will be paid by Japex.

Japex is also prepared to pay to Pertamina US\$3,000,000 in compensation for the costs and expenses incurred by Pertamina before the contract was signed within a period of 30 days after the signing of the document, and later US\$7,000,000 in another 30 days beginning from the third year of the contract, US\$5,000,000 in 30 days from the beginning of the fourth year and US\$2,500,000 in 30 days after the establishment of the possibility of the development of the field for commercial production.

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CSO: 4200/475

INDONESIA

NORTH SUMATRA'S NONOIL EXPORTS EXCEED TARGET

Jakarta ANTARA NEWS BULLETIN in English 26 Nov 85 p A4

[Text] Medan, November 26 (ANTARA)--Non-oil/gas exports from North Sumatra stood at 1,181,956 tons in the first ten months of this year, around 11 percent over the target of 1,064,612 tons set for the year, the North Sumatra Trade Service here announced Monday.

North Sumatra's exports of non-oil/gas commodities reached in the first ten months of this year show an increase of about 30 percent in volume compared with 909,135 tons registered in the same period in 1984.

North Sumatra's earnings from exports of commodities other than oil and natural gas from January to October this year amounted to US\$630,380,000, an increase of around 7 percent over US\$587,139,000 reached in the corresponding period of 1984.

But the value of non-oil/gas exports reached in the first ten months of this year is still 26 percent below the projection made for the whole year of 1985.

The sharp increase in the volume of non-oil/gas exports from North Sumatra is not followed by a considerable increase in the export value, because of mainly the fall in North Sumatra's coffee exports by 27 percent in the first ten months of this year compared with that in the corresponding period of 1984.

Based on data obtained from the North Sumatra Trade Service, North Sumatra's revenue from coffee exports averages around 9.5 percent of the total export earnings of the province every year.

The biggest increase is recorded in North Sumatra's exports of palm oil. The shipment of palm oil from the province rose by 318 percent in volume and 281 percent in value in the first ten months of 1985 as against that in the corresponding period of 1984.

The increase during that period reached 30 percent in volume and 7 percent in value for shrimp, 39 percent in volume and 45 percent in value for processed timber, 106 percent in volume and 4 percent in value for copra, 38 percent in volume and 3 percent in value for tobacco, 83 percent in volume and 59 percent in value for several other kinds of commodities.

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CSO: 4200/474

INDONESIA

TAIWANESE ACCUSE INDONESIA OF SUBSIDIZING PLYWOOD EXPORTS

Jakarta ANTARA NEWS BULLETIN in English 26 Nov 85 p A2

[Text] Taipei, 25 Nov (ANTARA/AFP)--Taiwan's plywood manufacturers charged that plywood imports from Indonesia, which received government subsidies, had forced 32 per cent of the local plywood factories to close down and some 5,700 people lose jobs in the past three years, a survey showed Monday.

The survey on the 51 local plywood manufacturers was conducted recently by the Taiwan plywood association to support its last month's call for the Taipei authorities to impose anti-dumping or countervailing duties on plywood imports from Indonesia to protect the local industry from unfair competition.

The survey showed that cheaper plywood from Indonesia had forced 24 Taiwan plywood makers to shut down and some 5,700 people had lost jobs in the past three years.

Under subsidies from the Jakarta government, plywood imports from Indonesia jumped from 30,000 cubic meters in 1983 to 120,000 cubic meters this year, the survey showed, and utilization rate of the remaining 51 local factories was lowered to an average of 65 per cent.

It said the current import price of 130 U.S. dollars for per cubic meters of Indonesian plywood was believed to be already 40 percent lower than the production costs.

The subsidiary program started last month in which the Jakarta authorities offered 20 U.S. dollars to each cubic meter of plywood exported to Taiwan, Japan and South Korea would further jeopardize the survival of the existing local manufacturers, it said.

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CSO: 4200/474

NEW CALEDONIA

PALMER LINKS AMMUNITION WITH NEW CALEDONIA UNREST

HK300728 Hong Kong AFP in English 0700 GMT 30 Dec 85

[Text] Wellington, 30 Dec (AFP)--New Zealand customs officers today seized a large quantity of automatic weapons parts and eight thousand rounds of ammunition from a French freighter in Auckland Harbor, the deputy premier said.

Geoffrey Palmer, duty minister during the Christmas break, indicated that the items, said to be "enough to start a small war," were being smuggled by groups in New Caledonia, a French territory caught up in a sporadically violent independence campaign.

He told a news conference that the ship, the Isle de Lumiere, was bound for New Caledonia. "There is a state of unrest there, and it is a place where there would be an obvious use for this sort of contraband," he said.

He vowed that New Zealand was "not going to allow itself to be used as a transit point for such smuggling."

He said the eight thousand rounds of ammunition and automatic weapons parts appeared to have been loaded on the island trader in Australia as some of the cache was wrapped in an Australian newspaper dated 3 December.

Kevin Donovan, customs collector in Auckland, earlier told reporters, "the ammunition is enough to fill eight large suitcases and enough to start a small war."

He said 25 plastic-wrapped packets of ammunition were found in the ship's fuel tanks and parts for automatic weapons were located in the bilges during "a routine rummage."

The Isle de Lumiere plies between New Caledonia, Australia, New Zealand and Norfolk Island. It arrived in Auckland yesterday from Sydney after 25 days in the Australian port and was due to sail later today for New Caledonia.

Mr Donovan said the freighter would now have its engine room and other areas searched thoroughly for the other parts of the weapons.

He said that the ammunition came in 12 different types ranging from rounds for luger pistols to ammunition that would fit most types of semi-automatic weapons and sidearms.

He said the freighter was being held in Auckland and the crew, made up of Australian, French, Fujian and Vanuatuan nationals, had been confined to the vessel.

Once the specialist rummage squad had completed its search of the vessel another group would be brought in to search the ship's entire cargo. He believed this would take up to two days to complete.

"My men were very surprised to find this arms cache during a routine search," he said.

Auckland police assistant commissioner Jim Glynn said his men were interviewing the unnamed captain and crew.

Mr Palmer said there was "no evidence at all" to connect this incident with that of the Rainbow Warrior, in which French agents were convicted in the bombing of the environmental group Greenpeace's ship in Auckland Harbor this year.

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CSO: 4200/476

NEW CALEDONIA

BRIEFS

ARMS TO FRENCH SEPARATISTS--A representative of the Kanak Socialist National Liberation Front in Melbourne says weaponry and ammunition seized from the French freighter in Auckland yesterday were bound for use by French separatists in New Caledonia. Mr (John Pago) claims that gunrunning between Australia and New Caledonia has been going on for at least 5 years with a main supply point in Queensland. Mr (Payo) says although the arms seized yesterday were on board the freighter the "Ile de Lumiere," most trafficking is done by yachts sailing to Queensland from Noumea. New Zealand's deputy prime minister, Mr Palmer, said earlier that the arms were probably destined for New Caledonia, adding, however, that he did not know to which side of the independence conflict they were going. However, Mr Palmer said today it was quite likely that the ammunition was purchased legally in Australia. New Zealand's authorities have also announced that the freighter will be allowed to sail for Noumea at the weekend. [Text] [Melbourne Overseas Service in English 0830 GMT 31 Dec 85 BK] /6662

CSO: 4200/505

NEW ZEALAND

INTERVIEW WITH LANGE INDICATES 1986 AGENDA

Wellington THE EVENING POST in English 17 Dec 85 p 4

[Interview with New Zealand Prime Minister David Lange by Chief Political Reporter Tony Garnier, in "Tony Garnier's Weekwatch": "The Year According to Lange"; date and place not given; capitalized passages published in boldface]

[Text] IT NOW SEEMS TO BE OFFICIAL THE PRIME MINISTER AND CHAIRMAN OF PARLIAMENT'S FOREIGN AFFAIRS AND DEFENCE SELECT COMMITTEE, MS HELEN CLARK, DON'T SEE EYE-TO-EYE ON NEW ZEALAND'S ANTI-NUCLEAR STAND, AND ITS IMPLICATIONS FOR THE ALLIANCE WITH THE UNITED STATES.

IN WEEKWATCH LAST WEEK, MS CLARK DISCLOSED THAT IN HER VIEW NEW ZEALAND HAD DELIBERATELY MOVED TO QUALIFY THE ALLIANCE. "WE NOW ARE A SEMI-ALLY OF THE UNITED STATES," SHE SAID.

MS CLARK SAID NEW ZEALAND HAD BECOME A SEMI-ALLY BY DECOUPLING ITSELF FROM SUPERPOWER STRATEGIES OF ANY KIND, AND BECOMING UNINVOLVED IN THE MILITARY ASPECTS OF THE ANZUS ALLIANCE, BUT REMAINING A MEMBER.

I ASKED MR DAVID LANGE IF HE AGREED THAT NEW ZEALAND AND THE U.S. WERE NOW "SEMI-ALLIES," AND NEW ZEALAND HAD DELIBERATELY BECOME SO. HE REPLIED THAT HE DID NOT USE THAT TERM.

ASKED IF "SEMI-ALLY" WAS AN ACCURATE TERM TO DESCRIBE THE STATE OF RELATIONSHIP BETWEEN THE TWO COUNTRIES, HE REPEATED THAT HE DID NOT USE THE TERM.

ASKED HOW HE WOULD THEREFORE DESCRIBE THE STATE OF THE NZ-US ALLIANCE, MR LANGE REPLIED SIMPLY: "NEITHER OF US HAS GIVEN NOTICE UNDER THE ALLIANCE TO WITHDRAW."

IF THE highlight of the Government's economic management in 1985 has been the massive reforms asked of the farming and financial sectors, next year it will be the turn of the trade unions to be in the spotlight of change.

As last week's mini-budget hinted, and the Green Paper expected to be released tomorrow will show, the Government is preparing to make 1986 a year of radical change for the whole trade union movement.

There is also the prospect that 1986 will see a major public relations bid to sell the Maori dimension to the wider community. The campaign's aim will be to overcome the confusion and fear detected among many New Zealanders by the Prime Minister, Mr Lange, over the prominence and influence taha Maori has had recently.

And, of course, 1986 will see the Anzus-nuclear ships row continue, possibly climaxing mid-year when the anti-nuclear legislation becomes law.

The above points emerged in an end-of-year interview with the Prime Minister.

It was a year in which Mr Lange believes the pace of change settled down to be measured and "boringly predictable," as he had promised.

And it was, he says, a much quieter year than 1984, when the incoming Government faced devaluation and constitutional crises.

1985 saw a disappointing wage round, he says.

He is not happy with the follow-the-leader approach taken and lack of flexibility, and indicates that 1986 will see structural changes in the trade union-employer sector.

While there has been structural changes in most sectors in the past year, there has been virtually none in the trade union area, he says.

As would be indicated in the Green Paper, Mr Lange promised considerable innovation and change to trade union structures including the whole area of coverage, legislation and the principles on which industrial relations was based.

He believes the issue is much deeper than simply whether there should be compulsory or voluntary unionism.

"What we now have to do is address the issue of coverage not from a recklessly destructive way but from some sort of creative way."

Mr Lange expressed satisfaction at the Government's job creation efforts in 1985.

Employment grew by 25,000 which Finance Minister Mr Roger Douglas could be proud of, he says. Employment is the number one priority.

However, he has reservations about whether the employment growth will continue next year.

Firstly, employers and trade unions

have negotiated a wage round which is too high; those in jobs have given themselves high wage increases which will limit the ability of employers to increase staff.

"There are people in the trade union movement who believe that 600 jobs are better than none, but in a (potential) 650-job situation."

Secondly, employment growth will fall, he says. While people will maintain confidence in the Government's policies, they will hedge themselves because of the more competitive environment.

Mr Lange says while he sees the prospect of considerable change in the trade union area next year, there is a fair chance the proposed New Zealand Council of Trade Unions will not come off.

Instead, he sees substantial pressure for change arising from within the trade union movement itself. The Green Paper will provide the catalyst for this, he believes.

However, the process of change to achieve the co-operative society (as against the traditional confrontational one) he called for at the economic summit in 1984, will be a long process, he says.

Moves like those of Overseas Trade Minister Mr Mike Moore to include union delegates in trade delegation help "knock off the hard edges of distrust." "But achieving the co-operative society is a very long process."

Despite pressure from some quarters against the anti-nuclear legislation, Mr Lange remains confident that New Zealand can win through with its point of view.

His belief and optimism is centred on his faith in democracy working and other countries respecting the rule of law.

As New Zealand had found in the early 1970s when France was taken to the World Court over atmospheric nuclear testing, where an issue could be resolved judicially, it could be established that New Zealand could win, he said.

However, if the law is taken away, "then you end up with the power of might being more insistent than the power of logic or rationality."

Mr Lange says it is hard not to bend to the view that because of Anzus, New Zealand is being forced to succumb to the dictates of other nations.

However, in the end, he believes that is not what the United States intended nor its view of what democracy is all about. "Our foreign policy view of ourselves" will be allowed expression, he believes.

The Anzus row has been a challenge to the New Zealand psyche.

As the French have been patriotic over the Rainbow Warrior sinking, so New Zealanders have risen to the challenge and pressure of a large

country "apparently taking some glee" out of molesting a small one "like (moone) gets pleasure from pulling wings off flies."

"We are in the position of having a huge ground swell of nationalistic response because New Zealanders by and large believe they elected a government and not some administration overseas," said Mr Lange.

One of his most extraordinary impressions of 1985 has been the number of people who have approached him and said they had reservations about aspects of the foreign policy, "but like Voltaire, added: 'I will fight to the death to see that you have the right to put it in place'."

Mr Lange disclosed that he had told a high-powered delegation of European Parliament MPs which visited recently that he didn't believe there was much this country could learn about security from Europe.

They couldn't believe it when he had told them this, adding that "I don't propose to learn lessons of security from people who have done themselves over time and again."

The European conception of security was still a sort of Maginot Line theory, but under a new form.

In contrast, the first line of defence in New Zealand is that people here live in a relatively tranquil environment and exercise an influence on the region disproportionate to New Zealand's size on a global scale.

New Zealand is an attractive region to the superpowers, but has remained immune from usurpation.

He put more trust in the New Zealand peace reality than building a deterrence modelled on superpower confrontation and Europe's war-torn history.

Nonetheless, Mr Lange concedes that an upgraded conventional defence is needed. "You have to calculate on the possibility of incursion from the far distant."

"That is why I see a (better) conventional defence arrangement as being necessary.

On the prospects of nuclear war, Mr Lange acknowledges that the philosophy of nuclear deterrence "on the face of it" has worked. And he doesn't believe the United States and the Soviet Union proposed to engage in mutual self-annihilation. But if they do, New Zealand will have longer to think about its demise than would the two Superpowers.

The Europeans can teach New Zealand the principles of how best to examine its security problems, "but we can never imitate them any more than they could imitate us."

Mr Lange disclosed that he believed he and the Government made a tactical error in the way they promoted the anti-nuclear policy.

"We made the error of speaking to people about the process.

"If we had introduced a simple piece of legislation which said we ban nuclear explosive devices but any warship can come in as long as the Prime Minister is satisfied it is not carrying nuclear devices, we would never have got into this situation."

By talking about the detail, the Government has tried to establish the earnestness of its intent that the legislation is anti-nuclear not anti-American, he says.

However, in hindsight he believes it was a mistake to try to "take anyone rationally through a process."

Nonetheless putting in place the new policy has given New Zealand a new world view.

The Labour Party is following its internationalist tradition, and the public likes that, he says.

The strong opinion polls are an affirmation of what the Government is doing, not a reflection of the disunity within the Opposition.

If the polls were simply reflecting the woes of National, they would fracture into support for the third parties, but this wasn't happening.

Despite the gloomy news, people know the tight monetary policy is correct and the Government is facing up to long-standing and deep-seated problems.

Mr Douglas is a critical part of why the Government's credibility is holding, he says.

Mr Lange says Labour is following classic socialist goals — education, housing and health. "Our current stage of economic development is socialism with New Zealand characteristics."

If New Zealand can get a more efficient, competitive and internationally viable wealth base, it can then pursue the grand objectives.

"But you have to make the lollies before you can have the scramble."

Mr Lange says the Maori dimension is being developed in a good way for some New Zealanders, taha Maori is positive and stimulating.

However, there are many New Zealanders of an age who have never had that chance, "and who are absolutely petrified."

"They feel threatened by it. We are going to have to do something that breaks down the feeling of being threatened."

By now I had been interviewing the PM beyond the allotted time (30 minutes), and with secretaries trying to ease the PM on to his next appointment, I managed to get in a few last questions:

Q: Would the Government get through enough of its reforms to be able to show the electorate it had progressed New Zealand enough to deserve a second term? Mr Lange: "Yes."

Q: How had the shift from the grandeur of Vogel House to the plain living of a Hill Street flat worked out? PM (grinning): "Splendidly."

Q: Holidays, where to? PM (still smiling and in classic Lange-esque humour and yet another crack at the French): "I am going away in a Newman's van."

He roars with laughter and all the world can see: 1985 has been an astonishingly good and lucky year for Mr Lange and Labour, but the will to push on with the reform agenda in 1986 is as strong as it has ever been.

Tony Garner is the Post's chief political reporter.

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CSO: 4200/479

NEW ZEALAND

EDITORIAL DISCOUNTS IMPACT OF NATIONAL PARTY SPLINTER GROUP

Auckland THE NEW ZEALAND HERALD in English 18 Dec 85 p 6

[Editorial: "Voices From National's Past"]

[Text] Whatever other problems he may have on his plate, the Leader of the Opposition is unlikely to be shaking in his shoes over the announcement that the National Party splinter group the Sunday Club (or at least a section of it) will contest the general election next year.

With friends like these, Mr McLay and his party may feel, who needs foes? But there is little real evidence, either in terms of membership or public support, that the Sunday Club commands any significant level of loyalty within the National ranks.

On a basis of recent history, breakaway party groups (or candidates) have had little influence on elections. The National Alternatives of 1978 made a great song about party policies and candidate selections, yet their handful of contestants cost National no seats. Party labels, it seems, dominate most other electoral considerations.

In any event, the Sunday Club and its chairman, Mr Bert Walker, must represent for many voters a style and an era rejected most resoundingly in July last year. Mr Walker himself, a loyal supporter of Sir Robert Muldoon, was one of National's losers in 1978. He and his followers may be an irritation to Mr McLay and Mrs Wood; they hardly constitute a threat.

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CSO: 4200/479

NEW ZEALAND

GROUP CONSIDERING NUCLEAR BAN DAY OBSERVANCE

Auckland THE NEW ZEALAND HERALD in English 13 Dec 85 p 11

[Text] Organisers of the government-funded United Nations International Year of Peace are considering celebrations to mark the first anniversary of the ban on the USS Buchanan, imposed last February 1.

The executive director of the Aotearoa (New Zealand) committee of the Year of Peace, Barbara Holt, said February 1 might become the peace equivalent of Anzac Day.

"Why do we have Anzac Day? To remember the struggles we took part in in wars," she said.

"Well, the peace movement feels we need days to commemorate peace.

Scrutiny

"That might sound ridiculous, but if the [anti-nuclear] legislation is not as waterproof as we think it should be, that kind of memorial might just keep people firm."

It would mark the day the government denied access to the USS Buchanan on the grounds that it might be nuclear-armed.

Although it does not officially began until January 1, the Year of Peace has already come under scrutiny by the parliamentary Opposition.

In a written parliamentary question, the MP for Kaimai, Mr Bruce Townshend, asked whether the Year of Peace office at 44 Sydney St, Wellington, was being occupied by Greenpeace and the Campaign for Nuclear Disarmament.

The Minister of Works and Development, Mr Colman, replied that the house at that address was owned by his ministry, and was being rented to the Year of Peace for \$10,000 from June 8 this year until December 31 next year.

He said Greenpeace was not using the house, but confirmed that the Campaign for Nuclear Disarmament was sharing the office.

Salary

Barbara Holt said the Campaign and Peace Group Aotearoa were paying "a small amount" towards the rent under an informal arrangement.

Her own salary was being paid by the Social Welfare Department, from which she had been seconded.

The Ministry of Foreign Affairs had provided \$62,000 for administration expenses, and the Lottery Board had agreed to give \$50,000 for approved projects.

In addition, the Society of Friends and other private groups had made donations.

She said Year of Peace committees had been set up in the various regions, initially by contacting more than 200 active peace groups.

Examine Treaty

"The idea is that we will have a ripple effect. We are now broadening out to the National Council of Women, the Maori Women's Welfare League and the National Council of Churches," she said.

"We will be looking very much at the tangata whenua [people of the land] as the people who can benefit from the Year of Peace. We need to examine the Treaty of Waitangi and the whole question of justice for Maori and Polynesian people."

The Year of Peace would also extend to road safety, after some groups expressed concern about dangerous driving.

Barbara Holt, a daughter of an Auckland peace campaigner, Mrs Betty Holt, is president of the Wellington branch of the Women's International League for Peace and Freedom.

"Very few people could do this job unless they were sympathetic to the peace movement," she said.

But she said the Year of Peace had accepted conditions from the Lottery Board that its contribution should not be used for political purposes.

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NEW ZEALAND

WELLINGTON DAILY ON U.S. NUCLEAR 'DECEPTION' IN JAPAN

Wellington THE EVENING POST in English 13 Dec 85 p 7

[Article by Andrew Kruger, of Australian Associated Press: "Researcher Says U.S. Cheated on Nuke Deal"]

[Text] New York--Even without the U.S. State Department's rejection of New Zealand's nuclear-ship compromise, historical precedent suggests it was doomed to fail.

The State Department has made it clear that New Zealand's position in the Anzus three-way defence alliance is in jeopardy if it proceeds with legislation to veto port visits by U.S. nuclear warships.

Top-secret U.S. documents, recently declassified, show that a similar scheme in Japan was mired in deception and lies.

The implications for the New Zealand plan are clear enough.

The documents reveal that Japanese and American officials lied to the Japanese people about the existence and terms of an agreement.

Even when an agreement was eventually negotiated, the U.S. broke it by storing nuclear weapons within Japanese territory without telling the Japanese.

The documents were obtained by Australian researcher Peter Hayes, who works with the U.S.-based non-profit Nautilus Research Centre.

Like New Zealand today, Japan in the 1950s was under severe political pressure to disengage itself from the American nuclear alliance.

As a result, Japanese Foreign Minister Mamoru Shigemitsu told the Japanese Diet in June 1955 that he had an understanding with U.S. Ambassador John Allison about nuclear weapons.

Shigemitsu told the Diet the U.S. did not possess nuclear weapons in Japan, did not store them, and would ask Japan's consent before their introduction.

His performance softened public pressure and helped Japan's integration into American's defence strategy of forward deployment.

However, according to a recently declassified report by the Department of State division of research for the Far East office of intelligence research, called The Relationship of Nuclear Weapons and Warfare, 1957, "there was in fact no such understanding."

The document says: "In a secret letter dated July 7, 1955, the foreign minister was officially informed by the embassy (US) that the ambassador 'made no commitment on May 31 regarding the storage of atomic weapons in Japan and that the U.S. Government does not consider itself committed to any particular course of action.'

"The Japanese foreign minister replied on July 13, 1955, to this secret letter from the U.S. Embassy, with assurances to the Americans that 'nothing in the discussions in the Diet commits the U.S. Government to any particular course of action'."

In 1957, as plans were made to revise the 1951 U.S.-Japanese security alliance, Prime Minister Nobusuke Kishi referred in the Diet yet again to this non-existent Allison-Shigemitsu agreement to try to substantiate Japan's claims of nuclear neutrality.

The United States became so concerned that the facts might be uncovered by the Opposition that it announced publicly that it did not intend to introduce nuclear weapons into Japan, and would consult Japan should it have to do so.

Peter Hayes says that documents obtained this year through the U.S. Freedom of Information Act confirm that the United States stored nuclear weapons in Japan at the time, but kept the special nuclear fissile material of the weapons offshore.

There was also the fear that the heat of the nuclear material might distort the bombs' mechanical workers.

In 1958, the introduction of "sealed pit" technology, combining nuclear and mechanical materials together, posed new diplomatic problems for the United States.

Japan was seeking a re-definition of its security relationship with the United States and a new deal was struck.

Under it, Japan obtained an agreement that there would be no nuclear weapons stored in Japan and that there would be consultations over major changes in U.S. deployment of forces in Japan or operations from U.S. bases in Japan.

"Consultation" as defined by the Pentagon in a report on Security Treaty/Japan September 5, 1958 Page 909, applied "only to nuclear weapons."

"There must be no obligation implied or explicit, to grant Japan a veto power," the document said.

Admiral Harry D. Felt, the U.S. commander-in-chief of the Pacific, defined consultation as "U.S. acceptance of a responsibility to consider policies, welfare and security of Japan before undertaking operations supported by U.S. forces or bases in Japan."

Hayes said that other declassified documents showed the U.S. stored nuclear weapons, mainly gravity bombs, on the Japanese territory of Iwakuni until at least 1966 without telling the Japanese Government.

Hayes says he also has information which indicates the U.S. stored nuclear depth-charges in Atsugi, Japan, in contravention of the revised 1960 security treaty.

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CSO: 4200/479

NEW ZEALAND

EDITORIAL CRITICIZES NUCLEAR POLICY

Christchurch THE PRESS in English 18 Dec 85 p 20

[Editorial: "N.Z. Repels Its Defence Allies"]

[Text]

The New Zealand Government has become the victim of its own propaganda. The Government has been determined to reassure New Zealanders that the A.N.Z.U.S. alliance remains effective, in spite of drastic changes in New Zealand's defence policies. To people outside New Zealand, and especially to the Governments of Australia and the United States — New Zealand's former partners in the alliance — the proposition is absurd. To many New Zealanders, it is clear that A.N.Z.U.S. no longer offers any assurance of security to New Zealand. This country's only significant allies have become wary.

Even the smallest Pacific States that once looked to New Zealand for leadership in their defence arrangements are distancing themselves from this country while they look for alternative arrangements. The Cook Islands Prime Minister has described his territory now as defenceless, thanks to decisions made by New Zealand, and on which the Cooks were not consulted. The King of Tonga has said American warships are welcome in his country's ports, as a way of making clear that Tonga is not New Zealand.

The New Zealand Government persists in depending on a myth: that since the A.N.Z.U.S. treaty survives in form, because none of the signatories has given the notice required of an intention to withdraw, the treaty is still effective. Such an attitude is nonsense. The United States Government, including such senior spokesmen as the Secretary of State, Mr Shultz, have made it clear that, for practical

purposes, the treaty is dead. It will continue to exist on paper, perhaps in the hope that one day a more sensible New Zealand Government may attempt to reverse the present policies. In the meantime, New Zealand can expect few of the benefits in defence, or as a voice in international affairs, that full A.N.Z.U.S. membership conferred.

However much New Zealand Cabinet Ministers may stomp their way round the world, New Zealand's voice has been reduced to a whimper without the backing of larger Powers. Military exercises may continue to be held, infrequently, with other States. Such exercises are unlikely to include much experience for New Zealand in its most vital defence requirements — the protection of this country and its seaborne trade from attack with the help of major allies. New Zealand will continue to seek expanded markets for its exports. Beyond Australia, no country now has any particular reason to look favourably on New Zealand.

In introducing the New Zealand Nuclear Free Zone, Disarmament, and Arms Control Bill last week, the Prime Minister maintained that it was "wholly compatible with all of New Zealand's international obligations." Nonsense. The Government, in pretending that A.N.Z.U.S. survives, asserts that the United States should continue to be ready to come to the aid of New Zealand, but should not be permitted to use much of its armed forces to do so. If the bill becomes law in something like its present form, New Zealand will have made the task of the

United States in honouring its A.N.Z.U.S. obligations all but impossible.

The really objectionable part of this pretence is that the Government does not spell out what has to be, in logic, the real effect of disassociating New Zealand from the United States. If New Zealand wants to have no part in a war that concerns the United States, out of the perfectly reasonable fear of being embroiled in a ghastly nuclear war, New Zealand should say quite clearly that it will not answer a request under A.N.Z.U.S. for support from the United States — or for that matter, from Australia. So far, New Zealand has said, in effect, that it cannot usefully call on the United States for support in the event of an attack on New Zealand. It should logically acknowledge the other side of the coin.

Of course, the New Zealand Government does not show the other side of the coin because it must privately hope that the United States, in the last resort, would ignore the nuclear-ban argument and act in New Zealand's favour. If the Government has no such private hope, it should be ready to concede that A.N.Z.U.S. is finished on both sides of the Pacific and tell the New Zealand public just so.

Mr Lange also said that the bill "is the Government's response to the obligation placed on it to adopt and support responsible measures of disarmament and arms control." Again, this is nonsense. The bill makes not a jot of difference to the number of nuclear weapons in the world. It makes no difference to the chances that those weapons may one day be used. If the bill has an effect, it is to increase, if only a little, the likelihood of war by introducing uncertainties into the South Pacific region. New Zealand is no longer a reliable ally of the West; the American presence in the South Pacific has been inhibited. It would be surprising indeed if other States with global pretensions did not see this as an opportunity to expand activities around New Zealand.

New Zealand may be able to get by if it plays the South Pacific Albania or Paraguay — too remote to be worth a second thought. Unfortunately, New Zealand will find it difficult to stay aloof from the real world. This country still retains something of the character of a prosperous farm in a hungry world. It remains one of the best stepping stones to the Antarctic in which the rest of the world is showing increasing interest. It remains a base off the vital east coast of Australia. New Zealand will continue to have value to others, even if it has no friends.

In sum, the new nuclear bill rigidly sets the inappropriate policies on defence matters by the Government in the last year. It also imposes on the Prime Minister the curious chore of announcing to the world whether he believes any foreign warship to be carrying nuclear weapons if it attempts to visit a New Zealand port. Such a requirement is an insult to countries such as the United States and Britain of whom New Zealand still pretends to be an ally. Small wonder will it be if former allies leave this country to go its own way, playing games with itself.

NEW ZEALAND

CHRISTCHURCH EDITORIAL VIEWS U.S. TRADE DEFICIT

Christchurch THE PRESS in English 14 Dec 85 p 18

[Editorial: "Huge U.S. Trade Deficit"]

[Text] The record foreign trade deficit in the United States in the September quarter is ominous. The deficit reached \$US33.1 billion. The high value of the American dollar, which has made it harder to sell exports and easier to buy imports, and the generally low returns from agricultural produce are key factors in the deficit figure. The high value of the dollar is the more important element; but these are not the only influences at work.

American productivity, that is the output of each worker, is still high; but the Germans and the French are now ahead. Nor does the United States have the clear technological lead it once had. It is possible to export more if wages are kept low, but the United States generally wants to compete in products in which quality and technological superiority count, and Americans do not want to join the low-cost countries. Yet if the United States does not have the technological edge, it has a severe problem. Some bad management decisions were also made, particularly in the car industry. Japan started producing cars which were more in line with what Americans wanted. All of these factors have contributed to the record trade deficit for the quarter.

After an initial experiment with a severe economic policy, and a continuation of the rhetoric of the policy without the substance, the United States has moved towards encouraging growth by creating demand through a less rigid control of the money supply. The fact that the United States did this helped avoid a world

recession. Because Americans had money to buy, and because imports were cheaper, other countries, including New Zealand, have been able to export to the United States and their own economies have kept going. The engine of the United States economy has pulled the train of the rest of the world.

One question that arises now is whether the United States, seeing the continually rising trade deficits, will want to, or be able to provide the same stimulus to the rest of the world. Another question is whether the rest of the world, which has helped fund the internal American deficit that has made the growth possible, will be prepared to continue to invest in the United States. If the lending comes to an end, the value of the American dollar will fall and import prices there will rise. This will cause inflation and the response may be an austerity package in which the United States retreats from the aim of economic recovery. Although the American dollar is 30 per cent lower than it was at the beginning of the year, the trade deficit shows that the fall has not been sufficient to bring a trade balance closer. Present estimates suggest that the falling dollar will simply help to level off the trade deficit. This is temporary comfort for the many countries that are selling to the United States; in the longer run, the fairly open doors for imports may get a push from a contracted economy. Such a change would renew fears of a world-wide recession in trade.

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NEW ZEALAND

GOVERNMENT 'MINI-BUDGET' PRESENTED 12 DEC 85

Overview of Measures

Auckland THE NEW ZEALAND HERALD in English 13 Dec 85 p 1

[Text] Sweeping cuts in import duties stole the limelight yesterday in a mini budget that was widely expected to contain little more than a package of relief measures for beleaguered farmers.

A dramatic move to make more than 500 consumer and other items duty-free was accompanied by an acceleration of moves away from import licensing and hints of more to come.

But for the farmer the package was confined to long-term tax changes designed to make it easier for uneconomic farmers to sell out to city and foreign interests.

The minister of finance, Mr Douglas, told Parliament the package would:

--Reduce cost pressures throughout the economy to the benefit of farmers and other producers.

--Assist in the process of adjustment by making it easier to both buy and sell farms.

But the government's political opponents were scathing about the lack of direct help for farmers.

The Leader of the Opposition, Mr McLay, called for the resignation of the Minister of Agriculture, Mr Moyle, and said it was a disgrace that farmers were being encouraged to leave their land.

He accused the government of washing its hands of agriculture, and said the tariff changes would do nothing for farmers in the short term.

Democratic Party leaders also attacked the measures, saying they would result in the government's losing seven or eight marginal seats in the next election.

However, Mr Douglas made it clear that the package was aimed at a medium term objective of bringing down inflation rather than providing any "quick fix" solution for farmers.

Besides discussing farming problems, the statement pointed towards even further government deregulation, commercialisation of state enterprises and greater flexibility in the labour market.

"Agriculture in New Zealand has a good future," said Mr Douglas in the statement.

But the proper function of government was to ensure that farming carried a minimum burden as a result of inefficiencies elsewhere in the economy and that the process of adjustment was not distorted by "inappropriate interventions."

Encouragement Away From Family Farm 'Implied'

Auckland THE NEW ZEALAND HERALD in English 13 Dec 85 p 2

[Article by Peter Freeth]

[Text] Encouragement of a move away from the small New Zealand family farm, the basis of the economy for a century, appeared to be implied in government economic measures announced yesterday.

Immediate reaction was that the government was trying to make it easier for financially hard-hit farmers to leave the land at a time when real farm incomes are falling to their lowest level in 25 years.

Far from putting any prop under farmers to keep them in business, the government seemed to be continuing its process of total restructuring.

No Let-up

The emphasis now, it appeared to some senior farm economists, was on trying to force a new farming structure on New Zealand with a move away from the smaller family property and towards larger less intensive farms with corporate rather than family investment.

In a statement accompanying the economic package, the Minister of Finance, Mr Douglas, acknowledged farming as New Zealand's biggest single export industry, but he made it clear that the policy of rapid structural change was continuing with no let-up.

The minister said ensuring a profitable future for farming was among the highest priorities, but he implied that this objective was to be achieved--at least to a degree--with fresh farming blood with access to its own sources of capital.

The government has looked hard at the option of loans at subsidised interest rates for farmers who are financially hard pressed, but it was made clear yesterday that that option has been rejected.

The Minister of Agriculture, Mr Moyle, said concessional lending could encourage farmers to become further indebted by allowing them to maintain a level of expenditure which their incomes could not sustain.

Furthermore, he said, concessional lending could delay a decision for those farmers for whom exit from farming was the only real option.

To most observers yesterday, the Government's economic package did nothing immediate to tackle the problems of inflation, high government spending and the internal deficit.

Take Time

It was widely conceded in the farming camp that in the longer term the liberalisation of imports through reduction of tariffs and licence on demand for a wide range of items would do a lot to redress the balance.

But it was still thought that the benefits to farming would take some time to flow through, and that in the meantime unemployment could worsen.

The hope in the farming camp, which has long urged a much speedier lowering of protection for secondary industry, was that in the longer term the import moves would have an impact on inflation, on interest rates and on the strength of the New Zealand dollar.

But to farm economists the government has made no direct immediate move to address those problems.

Foreign Farm Ownership Opened

Auckland THE NEW ZEALAND HERALD in English 13 Dec 85 p 3

[Text] Foreigners will be allowed to buy almost any New Zealand farmland under a policy announced in the economic statement yesterday.

The Minister of Finance, Mr Douglas, announced that the sections of the Land Settlement Promotion and Land Acquisition Act relating to foreign ownership and land aggregation would be repealed.

Instead, farm purchases will be placed under the scrutiny of the Overseas Investment Commission, which already supervises foreign investment in other sectors of the economy.

Criteria for the commission to follow for farmland will be considered by the cabinet, and are expected to be announced early in the new year.

Officials said they were likely to allow foreign purchases of any "conventional farmland with no particular special character."

Land with "special character," such as the shoreline and offshore islands and possibly land containing historic sites, are likely to be held in New Zealand hands.

Under the present law, foreigners have been banned completely from buying rural land, except in special cases.

Mr Douglas said the new policy would ensure that "sales of farmland of high amenity value are subject to a closer scrutiny and approved only if they are in the national interest."

He said the repeal of the law dealing with land aggregation was simply legalising what was already the case in practice.

In theory, farmers who want to buy additional land at present must seek the permission of the Land Valuation Board.

In practice, farmers have been able to set up companies to buy the extra land. No approval is required for any company with at least 10 shareholders buying its first farm.

Abolition of this law will remove the "nuisance value" involved in buying extra land, and thereby encourage farmers to buy out uneconomic neighbours to create more economic units.

Douglas: Inflation Main Target

Auckland THE NEW ZEALAND HERALD in English 13 Dec 85 p 3

[Text] The Minister of Finance, Mr Douglas, made it clear yesterday that his third economic statement of 1985 was aimed squarely at one large target--inflation.

He said it made no attempt at a "quick fix solution" for farmers hit by a cost-price squeeze.

He also refused to intervene to bring down the kiwi dollar, whose strength, by lowering the local value of foreign currency earnings, has hit farmers hard.

And he gave the clear impression that the dollar might not be too high anyway, particularly after sharp falls in the past two days which have brought it down from over 56c (US) on Tuesday to just over 53c yesterday.

'Symptoms'

"If you look at the problems of agriculture in particular, and also the export sector generally, their problems in the last 10 years and longer do not come from elements such as interest rates and exchange rates," he said.

"They are really symptoms of the problem.

"They [the problems] come from the fact that our inflation rate during the last government was one and a half times that of our trading partners, and that eroded the competitive position of farmers and exporters.

"That loss in competitiveness was only made worse by the drop in our exchange rate that took place year after year."

Revaluation Small

Mr Douglas said exporters who complained about the exchange rate should note that the kiwi dollar was now worth just over 53c(US) compared with just under 50c just after the New Zealand devaluation last year. That was hardly a big revaluation.

The kiwi was lower than before devaluation against the yen, deutschmark and pound sterling.

Only against Australia had it strengthened markedly, and that was only because the Australian dollar was so weak.

Interest Rates

He said the Government's interest rate policy was working, with rates falling sharply in the last few days. The government itself is expected to cut the rate on its "Kiwi bonds" after closing sales at the previous rate of 18.5 per cent for two years yesterday.

Interest rates on 90-day bills were down to 18 1/4 per cent, or about the same as under the Muldoon Government in 1982.

"I believe they will come down further," Mr Douglas said.

He said the removal of the interest clawback on farms sold within 10 years of purchase would help young people to get the opportunity to buy a farm, by encouraging older farmers, who had bought their farms within the last 10 years, to sell.

The removal of subsidies such as the development tax concession would also lower farm prices to levels which people could afford.

Economist on Package

Auckland THE NEW ZEALAND HERALD in English 13 Dec 85 p 3

[Text] The Government's package has been described by a leading economist, Professor Bryan Philpott, as a consistent progression of its economic strategy.

But Professor Philpott, of Victoria University in Wellington, said last night that it was the farmers who were continuing to pay for the free-market approach of the government.

"I do not think the [the farmers] are any further along the track. The only thing they can hope for--and I believe it will come--is a fall in exchange rates."

Without increased government assistance the farming sector could look forward to a "rash of mortgagee sales."

Farmers, he said, had misread the "root cause" of their problems, which they had considered to be tariffs and protection.

"They spent all their energy saying the whole problem was tariffs and protection," Professor Philpott said. "But the government has called their bluff and dealt with that, and they are no better off."

"The nub of the farm problem is related to unnecessarily high land values and associated farmers indebtedness..."

Professor Philpott would like to see the Rural Bank provide direct assistance to efficient landowners, and at the same time buy out those in trouble at a minimal capital loss.

The farms purchased could then be turned over--perhaps on a lease arrangement--"to people who know what they are doing."

However, another Wellington economist, Mr Rob Cameron, said last night that to "bail farmers out" would be to do irreversible damage.

The package was further evidence that the government intended to pursue its economic convictions, he said.

Mr Cameron, from the stock and sharebroking firm Jarden and Co, said: "It [the government] is continuing down the road it set some time ago."

"That is all it can do. I do not think it is possible to step off that road now."

Relief for farmers would come in the long term, he said. To provide hand-outs now would go against policy.

"The government is telling the farmers they have to stand on their own feet, but it is helping them in the short term to remove the obstacles in front of their gumboots."

Retailers', Manufacturers' 'Cautious' Response

Auckland THE NEW ZEALAND HERALD in English 13 Dec 85 p 3

[Text] Retailers, manufacturers and a consumer advocate last night all responded cautiously to the government's sweeping tariff cuts.

They doubted if it would lead to a New Year spending-spree after duty reductions took effect because most families were already squeezed by high interest charges, mortgage repayments and other costs.

But video dealers and electronic retailers cheered the package, predicting that it would lift sluggish sales in their sector once duty rates as high as 40 per cent were slashed to zero next month.

Announcing details of the new duty rates yesterday, the Minister of Trade and Industry, Mr Caygill, and the Minister of Customs, Mrs Shields, issued a list of about 500 products for which new rates will apply.

In a joint statement, the ministers said the goods were not made in New Zealand and included manufacturing inputs and consumer items.

Car Parts

They said the aim of the move was to lower costs and they were confident that once reductions flowed through to consumers price cuts "would be substantial."

Included in the goods are cameras (down from a normal rate of 17.5 per cent to zero), videos and audio gear (45 per cent to zero) and a range of car parts (from up to 35 percent to zero).

But while the duty shake-up means New Zealanders will have a greater range of good to buy, it could be a few months before the lower priced products reach the marketplace, according to the executive director of the Retailers' Federation, Mr Barry Purdy.

"It will take a little to work through," Mr Purdy said from Wellington.

He said the tariff reductions were not any better or worse than any other economic move of the government, but the lower duty would benefit consumers.

Mr Purdy said that because of the generally depressed economy, he doubted that the retailer sector, which had taken a battering in the past few months, would be welcoming hordes of new consumers.

Spent Well

And he did not believe that consumers would hold off spending cash until next month, giving retailers a bleak Christmas. Mr Purdy said New Zealanders always spent well at this time of year.

The rector of the Auckland Manufacturers' Association, Mr John Whatnall, said factory executives might be concerned whether the reductions could persuade consumers to buy substitutes.

He said that while the government had seemed careful to cut duties on goods that were not made in New Zealand in order to protect local industries, competitive alternative products in the market could change customer preferences.

Exposure

If that happened, jobs and local businesses might be lost, Mr Whatnall said. His fears were echoed last night by a manufacturing consultant, Mr Graham Painter,

who said the new policy reflected increasing exposure for New Zealand producers against imported competition.

Mr Painter, the principal director of Trade Consultants Ltd, an advisory service to hundreds of manufacturers, said firms in trouble might face problems, but so too would innocent victims.

For consumers, the tariff cuts are a mixed bag, according to the assistant director of the Consumers' Institute, Mr David Russell.

"It is probably good news if you have money," he said from Wellington.

"But most consumers are struggling with high interest rates, they have just been sluggish with power price rises and they are having difficulty just meeting basic needs like clothing, food and housing.

"We would just like to see the savings passed on to consumers and not pocketed by importers or middlemen."

Editorial on 'Cold Blast of Rogernomics'

Auckland THE NEW ZEALAND HERALD in English 13 Dec 85 p 6

[Editorial: "More Ruthless Reform"]

[Text] In some cases, said Mr Douglas in yesterday's economic measures, it may be better for farmers to sell their properties than to continue to struggle with debt. With such words and with the general drift of his statement, the cold blast of Rogernomics formally reverses half a century of what has grown to be almost folklore in New Zealand farming.

It has been clear enough that this government's policies--its general more-market approach--would apply also to farming. But for as long as most people can remember, the Labour Party has upbraided policies that pushed farmers off their land in the Depression of the early 1930s. Now a new Labour team adopts what looks like a forced-draught approach to the gentler amalgamations that have gone on for years.

Out goes the law relating to the aggregation of farmland and the purchase or lease of farmland by foreigners, although consent from the Overseas Investment Commission is still required. Away goes the 10-year clawback of interest claimed as tax deductions, and away goes the \$10,000 limit on losses claimed through development expenditure, at least for livestock and arable farming, though not horticulture.

And in, presumably, go the Queen St farmers and the overseas investors to sink their eager money into farm property and help the poor strugglers to depart. At this point, however, doubts intrude.

Why would foreign and local money rush into enterprises that are failing now? Will the future of farming—claimed by Mr Douglas, amid Opposition derision, to be "good"—look like offering a sufficient return on the large amounts of capital needed? Just possibly, with a certain amount of faith in exports, hope in a falling dollar, and charity in the tax laws. And the greatest of these, who knows, may be charity.

A cold blast blows elsewhere in the economy—with major potential, however, for holding down internal costs and thus assisting farming—in the form of import liberalisation. Tariffs on goods not made in New Zealand will largely vanish next month, a move that affects several hundred tariff categories. The general programme of tariff reductions will begin in July, and 343 categories of commodities now confined to quotas will be moved to licence on demand next year. New Zealand Steel looks to be facing a severe test.

Lamentations from some quarters are liable to be loud. Industry has made dire predictions of unemployment to come, and Mr Douglas seems not to dispute it. Indeed, he contrives to sound annoyed at the level of the wage round and says that jobs and businesses are at risk next year as a result.

So what does he offer the unions? A review of the total industrial relations system, beginning with a green paper next week (only a year late) identifying the main question on which decisions will be made. And a few breaths later he says that those in agriculture, including industries relying on the farmer, must have incomes based more rationally on farming returns.

The more-market approach will not, presumably, extend to voluntary unionism, but it should be interesting to see what Mr Douglas has in mind. He has unwrapped a statement of intent about changes in the public sector designed to make state trading enterprises run with commercial efficiency, including the removal of "unnecessary barriers to competition." Private enterprise will be eager to learn more.

Economically, Mr Douglas is losing revenue with several of his moves at a cost to the public and probably with added difficulties in deficit management. Politically, he seems likely to upset, to put it mildly, as many people as he is likely to please. He is treading a high-risk path in pursuit of his beliefs, and at least the stony courage of the man, if not always his management, deserves to be recognised.

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NEW ZEALAND

REPORTAGE ON 'DRAMATIC' SLIPPAGE OF NEW ZEALAND DOLLAR

Factors Viewed

Auckland THE NEW ZEALAND HERALD in English 13 Dec 85 Sec 2 p 1

[Text] The New Zealand dollar yesterday suffered its largest single day drop against the United States dollar since being floated in March in busy trading on the foreign exchange market.

The kiwi closed at 53.35 USc, down 1.83c or 3.31 per cent from Wednesday's close of 55.18c.

Yesterday's close was the lowest against the American dollar since September 20 when it stood at 52.85c.

The kiwi has fallen 3.13c or 5.54 per cent against the American dollar since Monday when it closed at 56.48c.

At the close yesterday the cross rate with the Australian dollar was 77.99c, a fall of 3.32c on Wednesday's close of 80.67 and a fall of 5.4c or 6.48 per cent since Monday when the cross rate closed at 83.3c.

Varied

The Reserve Bank exchange rate index closed yesterday at 67.7, down from 69.6 on Wednesday and 70.9 on Monday. The close was the lowest since August 19 when the index closed at 67.8.

Dealers said the dramatic change of fortune for the kiwi was a reflection of a change in market sentiment towards the currency. Several factors had brought about the change but the main ones were a lowering of interest rates and a lowering of inflation expectations.

Description of the market varied from dealer to dealer. Some said there had been panic selling in a chaotic market. That was described as rubbish by others who said there had been good two-way business mainly from corporates moving money about.

Rumours of massive disinvestment from Japanese investors were also discounted. Dealers said it was true that some Japanese money had been moved out of the country, but that was not all that unusual as the Japanese were always moving money about the world.

Yesterday's outflows were not very large in the wider scheme of things.

Dealers were wary of predicting a bottom for the kiwi, especially those who were predicting a few weeks ago the kiwi would strike parity with the Australian dollar by Christmas.

There was a fairly widely held view that the bottom had yet to be reached but was probably not too far from present levels. The bottom was likely to be around 51.5USc and that could be reached in a day or so.

Tender

Then there would inevitably be upward bounces after that, but the currency would probably eventually settle at around 52 or 53c.

Perhaps the biggest single factor affecting the value of the kiwi, at least in the short term, will be the result of the government stock tender, the results of which will be announced today.

Most observers were expecting a fall in rates on the last tender. That expectation was reflected in trading on the secondary market.

The 1991 stock yesterday was at 17.1 per cent which compared with 17.8 in the last tender.

The 1993 stock was at 16.9 per cent compared with 17.2 in the tender.

The 1989 stock, being offered for the first time, was trading around 17.5 per cent.

That meant the stock was being sold "short" on the market, a practice which some dealers said was fraught with danger. If a single investor was to take all that stock in the tender, as happened in the tender before last, investors "shorting" yesterday would have no stock with which to honour their undertakings.

The likelihood of one investor taking all the stock in the tender was considered unlikely, but it was always a possibility now the precedent had been set.

Westpac

Short-term rates on the money market firmed with the call rate rising to as high as 22 or 23 per cent. The reason for the rise was the settlement of Treasury bills and government stock outstanding from the last tender. About \$200 million of that stock has to be settled today.

That should mean rates remain firm today, dealers said.

Dealers said the rise in the call rate was just a "hiccup" and the rate would soon fall next week. The 90-day commercial bill rate was at 18.5 to 18.75 per cent, little changed from Wednesday's levels.

Further evidence of falling interest rates was provided by Westpac Merchant Finance Ltd which cut rates offered on debenture stock by up to 3 per cent.

The big cuts were made in the short-term stock. The six months then at call rate was cut from 21 to 18 per cent while six-month stock was cut from 21 to 19. One-year stock was cut by 2 per cent to 19 per cent but longer terms were cut only by 0.5 per cent.

Mr Ken Littlejohn, Westpac's general manager treasury, said a downward trend in interest rates was gathering momentum.

"Our reductions are in line with those that have occurred in the government stock and commercial bills markets in the past few weeks," he said. "Factors such as the lower rate of inflation, decreased borrowing demand resulting from high lending rates and the expected downturn in the economy have led to our decision to reduce our borrowing rates."

Mr Littlejohn said he expected other institutions to follow suit.

Impact Analyzed

Auckland THE NEW ZEALAND HERALD in English 17 Dec 85 p 1

[Article by Simon Collins]

[Text] Farmers and other exporters received a windfall which could be worth hundreds of millions of dollars from the dramatic collapse of the New Zealand dollar yesterday.

But the sudden dive, which took the kiwi currency down to near its lowest level ever, will mean everyone else will have to pay higher prices next year.

The drop in the index value of the dollar yesterday, 8.3 per cent, is one of the biggest on record for a change in a single day for any currency in the world.

One foreign exchange dealer said it seemed to take New Zealand into the category of a "banana republic."

But the Associate Minister of Finance, Mr Prebble, said he was certainly not concerned, and said the fall came at an ideal time for this season's farm exports, which were just getting under way.

Within minutes of foreign exchange markets opening yesterday morning a wave of selling took the kiwi unit down from US\$2c to just over 48c.

Trading remained volatile for the rest of the day, but the kiwi ended up at 49c (down 3.6c or 6.8 per cent in the day), or 71.7c Australian (down 5.2c, or 6.8 per cent).

In the past week, it has fallen by 13.9 per cent against the Japanese yen and 9.5 per cent against the British pound.

Dealers said there had been no massive outflow of foreign capital, although some money did flow out to take advantage of interest rates in Australia which are now higher than in New Zealand.

Rather, the major forces were New Zealanders rushing to "cover" overseas loans, and to buy foreign currencies before leaving for Christmas trips, before the dollar fell even further.

Many companies whose overseas borrowing was blazed by the government for driving the dollar up in the first place, by bringing capital into New Zealand, were caught by the sudden drop and will now have to pay back far more in New Zealand dollar terms when they repay their loans.

Benefit

Conversely, farmers who sell their produce at the lower exchange rate will get far more New Zealand dollars from now on than they have up to now.

The chief economist of the Meat and Wool Board economic service, Mr Rob Davison, said every 10 per cent drop in the dollar meant a 13 per cent increase in farm-gate returns for beef, 20 per cent for lamb, and 120 per cent for mutton.

This is because killing and transport charges do not vary much, so the farmer gets almost all the benefit, or pays almost all the price, of changing exchange rates.

Meat Schedule

He said the service's estimate at the weekend of a 21 per cent fall in gross farm incomes this year included only a 3 percent drop attributable to removal of supplementary minimum price support. The rest was almost entirely attributable to the high dollar.

The executive director of the Meat Industry Association, Mr Peter Blomfield, said the fall in the dollar would mean that the first meat price schedule to be set by private companies under the new system of meat marketing, on Friday, would be higher than it would have been.

The schedule will apply from Saturday, when the companies officially take over meat marketing from the Meat Board.

Dairy farmers will not see similar immediate benefit, because the Dairy Board had planned to run down its reserves by \$400 million this season to maintain its payout to farmers. Now its reserves are expected to diminish by between \$125 million and \$150 million less than before.

On the other hand, the 14 per cent drop in the exchange rate index in the past week will push up the cost of imports by about 16 per cent.

Economists said that if this increase is passed on fully in retail prices the overall effect on the consumer price index would be an increase of 3 to 5 per cent.

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NEW ZEALAND

EDITORIAL ON IMPACT OF CLIMBING AUSTRALIAN INTEREST RATES

Christchurch THE PRESS in English 19 Dec 85 p 14

[Editorial: "Australia's Opening for N.Z."]

[Text]

Just when the interest rates in New Zealand seem to be edging downwards and the value of the New Zealand dollar is getting to a point at which exporters believe they can live with it, interest rates in Australia have started climbing markedly. Prime interest rates in Australia have increased to 21 per cent: that is the rate at which trading banks will lend to borrowers who are deemed to be a first-class risk, such as substantial corporate businesses, for short terms. Some overnight money has gone higher. Banking advisers are reluctant to say that rates will go no higher. In short, it seems likely that Australia is in for a dose of the high interest rates which New Zealand has found so bitter over the last few months.

The cause of the rise in interest rates in Australia is similar to the cause in New Zealand; the Government is running a very tight monetary policy. It may be expected confidently that the effect of the tight monetary policy and the rise in interest rates in Australia will have the same effect as the same policy had in New Zealand: the value of the Australian dollar will be driven up. The effect may be even more marked in Australia because the inflation rate there is 8 per cent which means that the real interest rate, that is the difference between the inflation rate and the actual interest rate, is between 12 per cent and 13 per cent, making it about the highest in the Western world. This is bound to attract overseas investors in large numbers and the value of the dollar, whose recent fall has given Australian exporters a boost, will rise again. This will mean, within Australia, that local manufacturers will lose out to imports, and Australian exporters will find it hard to be competitive.

In New Zealand, exporters will find the higher value of the Australian dollar and the lower value of the New Zealand dollar to their advantage. Australia is New Zealand's biggest market for manufactured goods, and the sale of these goods, with their added value and their potential for employment, has the most widespread effect on the New Zealand economy, even though the over-all value is smaller than that of the exports of farm produce.

Although the advantage will lie with New Zealand exporters for a while, New Zealand must hope that the Australian economy will remain in good heart, because the New Zealand economy is now so locked into the Australian economy that any downturn in Australia is bound to have a bad effect on New Zealand. The Australian growth rate has been strong; real growth, when inflation is discounted, runs at between 4 per cent and 5 per cent. The big problem that Australia is going to face is that its balance of payments seems certain to worsen as the dollar rises in value and imports flood into the country.

Although the Australian economy is more diverse than the New Zealand economy, and is a much larger economy, it can sometimes be forgotten that Australia is still fundamentally an exporter of agricultural produce and an exporter of minerals. The world prices for such exports are generally poor. In quantity, Australia's exports of coal, for instance, have been good; but the prices have been low. In a way, the resources of Australia have helped to maintain an attitude that better economic times are never far away. New Zealand, with fewer resources, took the plunge into worse times sooner.

One difference in economic management between the two countries arose out of the economic summit meetings that were held in both countries. In Australia, an accord was reached between the unions and the Government under which wages were indexed to inflation. This brought considerable industrial peace to Australia and modified wage claims.

The New Zealand economic summit meeting disbanded without any such accord. The present wage round has meant high settlements and a number of strikes. However, the indexing of wages in Australia has meant that, in some industries, the wage rates have made Australian manufacturing uncompetitive. The Government has decided to hold the money supply as tight as possible, but is being blamed for having a strict monetary policy without matching it with a strong wages policy. For the time being, New Zealand exporters can score off Australia's problems.

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NEW ZEALAND

EDITORIAL LAUDS GOVERNMENT ECONOMIC DECONTROL STEPS

Auckland THE NEW ZEALAND HERALD in English 17 Dec 85 p 6

[Editorial: "Undoing the Errors of 1938"]

[Text] Last December and now the present month have seen the fourth Labour Government take long steps away from the strangling web of controls in which the first Labour Government wrapped the country. The more fundamental of the recent moves, whose significance may not even now have dawned on many people, was the restored freedom to buy foreign exchange from December 21 last year after 46 years of restrictions.

It was on December 6, 1938, that the Savage Government, having inflated internally for three years and thus encouraged a flood of imports, finally faced the consequences of having so depleted the overseas reserves. It suspended the statutory right of New Zealanders to obtain sterling from the Reserve Bank and imposed drastic controls on imports.

During the intervening 47 years, import controls have varied in degree and extent, but no one has yet gotten rid of them entirely. Mr Douglas' massive reduction of tariffs, announced six days after the 47th anniversary of his predecessors' controls, represents a bold step on the road towards import freedom for many goods which, so governments may have intended were discouraged from reaching our shores because of artificially high, tariff-boosted prices.

The floating exchange rate from March 4 this year is apparently seen as the (somewhat lagging) regulator of internal demand vis-a-vis overseas funds.

If Mr Douglas can through the exchange rate, and without controls, achieve a broad balance between the demand for imports and the ability to pay for them, well and good. If he can also keep exchange fluctuations within acceptable limits, so much the better; the country would return to what is, historically, a more normal state of affairs. The past half-century or so could then be seen as time when New Zealand took a wrong turning and eventually realised the fact.

For years New Zealand has preached against agricultural protectionism by others, while practising rigid protectionism, particularly industrial but also partly agricultural, of its own. Mr Douglas' new move should give us improved credentials to argue the case of free trade, as we shall no doubt be eager to

do in the new round of talks being shaped by the General Agreement on Tariffs and Trade.

From next month New Zealand's surviving tariffs will be clearly protectionist, which is presumably the accepted though regrettable function of a tariff. No more will tariffs be merely revenue measures, aimed apparently at import control through price-rationing. Let us hope that Mr Douglas can manage to make the shades of 1938 stay exorcised and that he can deal with even more of them.

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CSO: 4200/479

NEW ZEALAND

GREENPAPER SEES GOVERNMENT PULLOUT FROM INDUSTRIAL RELATIONS

Auckland THE NEW ZEALAND HERALD in English 18 Dec 85 p 1

[Text] Fundamental changes which could see the government withdraw from its key role in industrial relations are foreshadowed in a long-awaited green paper, released yesterday.

The discussion document, originally due to be published a year ago, questions whether state-enforced national awards should continue.

It also suggests that the present system where a union, once registered, has blanket coverage of all workers in its occupational group, could be replaced by American or British systems which take the Government out of endorsing union coverage.

But it backs away from employer calls for a return to voluntary unionism, and says the issue is what form of compulsory unionism is appropriate.

Common Rate

The green paper states that "the most basic issue to be addressed in examining the system is the question of whether to retain the national award system."

It says the system was created for three reasons:

--To provide a common minimum pay rate for each kind of job, so that workers do not compete among themselves to drive down wages, and employers compete on factors other than wages.

--To distribute the fruits of production to the greatest number of workers, in what the paper calls "New Zealand's egalitarian tradition."

--To avoid strikes and resolve a large number of disputes at once.

However, it notes that pay increases under each award tend to feed through into all other awards, because of rigid relativities.

"The ability of the employer to pay is not accommodated by this process," it says.

Recognition

The solution, it suggests, could lie in replacing awards with narrower agreements similar to present "second-tier" settlements affecting only part of an industry.

A closely related issue is whether unions themselves should continue to cover all workers in each industry.

At present, unions win coverage of workers by what the paper calls the "gold rush" method, by which the first to stake its claim to a new kind of work wins all.

It suggests two other options:

--The British system, in which union recognition is left for negotiation between unions and employers.

--The American system, in which unions seeking coverage of a group of workers hold ballots at each place of work to let them choose which union they want. The winning union could then cover all workers in a single workplace.

The paper says less state involvement, through one of these options, would make the New Zealand system more compatible with international conventions.

Limited

But it also warns that the result could be that stronger, more efficient unions would gain control.

"Without the traditional protections and guarantees from the present system, the ability of some unions to exist may become severely limited," it says.

It deliberately avoids discussing the principle of compulsory membership of a union once its stake to a group of workers is established.

"The issue is not so much whether union membership should, as a matter of principle, be compulsory or voluntary across the board," it says.

"Rather, the issue centres on the form of those arrangements [that is, whether a union ticket is required before getting a job [word indistinct afterwards], their coverage and the way they are arrived at.

"The present arrangements provide for collective decision-making across the union's total membership on a union membership clause which creates an obligation to join after the worker has been employed.

An Anomaly

"Other options include making union membership compulsory by law, or leaving it to be determined entirely by negotiation between unions and employers.

Finally, the paper says it is an anomaly that agreements between two private parties should be enforced by Labour Department officials, and suggests that enforcement should be left up to unions and employers themselves.

But it notes that this could be done only if unions were given the right to look at employers' time and wage records, to make sure they carried out agreements.

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NEW ZEALAND

EDITORIAL DOUBTS CAPACITY OF INDUSTRIAL RELATIONS GREENPAPER

Auckland THE NEW ZEALAND HERALD in English 18 Dec 85 p 6

[Editorial: "Merely a Framework"]

[Text] The Government has asked some of the country's most pressing economic questions in its green paper on industrial relations published this morning. Had it asked them a year ago, when it promised, there might be cause for hope that Labour's courage would meet the ultimate test—its capacity to tackle the monopolistic privileges, under statutory protection, of its most powerful political backers.

At mid-point in the electoral term, it must be counted unlikely that the green paper will preface significant reform in the labour market.

Yet the potential damage which such failure could wreak on a programme of revitalising the economy on competitive market principles is probably well apparent now to the Treasury ministers at least. Mr Douglas and Mr Prebble have lately lamented the inflexibility of settlements in the current wage round, which they had presented as a renaissance of free bargaining.

Their manuals of market theory had told them that bargaining without Government interference would enable those buying and selling labour to make wage settlements reflecting the productivity and potential profitability of each industry. But the manuals probably do not contemplate a system in which trade unions enjoy industry-wide monopolies on the supply of labour, in which wages are standardized, by national awards and all remain shackled, psychologically if no longer legally, to historic relativities.

A new system of agreed wage-fixing has been sorely needed ever since the 1968 nil wage order and the collapse of strike-minimising compulsory arbitration. A return to that centrally ordered system would probably be incongruous amid the current drive for wage flexibility; but something of its orderliness seems preferable to the present growing predilection for strikes and lockouts in the course of negotiations.

In its considerations of the questions posed in the green paper, and in the Opposition's proposals on the subject this week, the electorate should remember that wage-fixing is a form of contract pricing and should be subject to the same rules.

The price of labour should be agreed fairly and voluntarily between those buying it and those selling. The term of the contract should be acceptable to both sides, rather than the common one-year which applies at present, and should not be broken within that term without legal redress.

In industrial relations that would be a good start.

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CSO: 4200/479

NEW ZEALAND

GOVERNMENT INTRODUCES NEW OIL EXPLORATION POLICY

Auckland THE NEW ZEALAND HERALD in English 17 Dec 85 p 1

[Text]

The Government is introducing a new oil exploration policy which it expects will attract bids from around the world.

The new regime, which ends the October 1984 halt to issuing new exploration licences, will award licences to those firms offering the best work programmes.

Fifty licence area blocks will be offered in the Taranaki offshore basin in which the Maui field is located.

The Government, under the policy announced last night by the Minister of Energy, Mr Tizard, will take an 11 per cent free "carried" interest in all new exploration ventures.

As well, the Crown, through the Ministry of Energy, may contribute 15 per cent to the cost of a venture to get a 26 per cent stake in any licence issued.

The Government is abolishing the much-criticised energy resources levy of 45c a gigajoule for all gas discoveries made in any new field.

The 12.5 per cent royalty on the selling value of any petroleum discovered remains unchanged.

Fees and rentals payable for applications and licence areas will be increased.

The Crown's interest in all cases will be administered by the Ministry of Energy. The state-owned Petrocorp will act as its agent, though Petrocorp may compete with other applicants for licences.

Mr Tizard said he expected the policy to remain in place for five years.

Formulations of the policy had been a long job and took into account 30 written submissions from oil companies, he said.

Thirty-three onshore and 17 offshore wells had been drilled in the past five years.

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NEW ZEALAND

FARMERS EXPRESS CONCERNS IN MEETING WITH DOUGLAS, MOYLE

Auckland THE NEW ZEALAND HERALD in English 17 Dec 85 p 2

[Text] The Minister of Finance, Mr Douglas, and the Minister of Agriculture, Mr Moyle, weathered an occasionally stormy meeting of farmers at Whakatane last night.

More than 700 farmers from throughout the Bay of Plenty turned out on a wet night to express their concern and hear the ministers.

Many of the farmers who spoke expressed concern at the effect of the economic package on young farmers and the belief that the farming sector was suffering more than other sectors.

Mr Douglas said the government could not return to the "handout policies" of the past.

"Farmers want long-term solutions," he said.

The government had taken control of the monetary situation and the reduction of the deficit and the lowered inflation rate would help farmers.

"If farmers are to compete on the market we have to get inflation under control and I believe we are," Mr Douglas said.

The government's economic policy was not the total answer but gave direction and allowed flexibility to farmers.

Mr Moyle said the government wanted to avoid a mass exodus of farmers off the land.

"I believe with the reforms in place and with more of a market approach we will again require large numbers of sheep and lambs," he said.

Mr Moyle reaffirmed his comments that no competent farmer would be forced off his land, but "competence extends to the area of financial management."

--Mr Douglas spells out livestock value changes--page 16.

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NEW ZEALAND

UNION HEAD, FARMERS ATTACK GOVERNMENT ECONOMIC PLAN

Wellington THE EVENING POST in English 14 Dec 85 p 3

[Text]

National union heads have criticised the Government's economic statement as an attack on workers.

The president of the Federation of Labour Mr Jim Knox said it was of little help to the genuine working farmer but was being used as an underhand attack on working people.

The economic statement outlined the Government's plan to review industrial relations legislation and the principles on which it was based, and Mr Douglas said the first step would be the publication of a Green Paper next week identifying areas for important decisions.

At risk

"During the current wage round we have witnessed a high level of settlements, and a lack of flexibility between awards, which between them will put jobs and businesses at risk next year," said Mr Douglas.

"This unsatisfactory outcome owes a great deal to both employers and unions looking back at a peri-

od of rapid economic growth and a high rate of inflation, not forward to very different conditions in the months ahead."

Mr Knox criticised Mr Douglas's comments as a "cheap shot" and said that for the first time since 1981, workers had a wage rise that would go some way towards making up for price increases.

In particular, unions in the wage round had won significant improvements in the position of the low paid, he said in a statement. But now the minister had hit out at workers and tried to pass the blame onto them.

Angry Canterbury farmers were given little hope at a meeting in Christchurch last night that the Government would waver from its economic policies.

The Ministers of Finance, Mr Douglas, and Agriculture and Fisheries, Mr Moyle, defended the Government's economic strategy, and in particular the economic package announced on Thursday. They emphasised that the farming industry could not be divorced from the whole economic scene.

Questions

About 270 farmers attended the meeting, held in a grandstand at the Addington showground, and called by the Government to allow the Ministers to explain first-hand the economic measures and their implications to farmers.

The main thrust of questions by farmers concerned the short term effects of the policies on the livelihood of farmers and the flow-on effect to rural communities.

An Oxford farmer, Mr Robert Johnston, said the Government's latest economic package contained no human element.

Mr Douglas said humanity was about fixing the problem, not partly fixing it and allowing the problem to get worse. — NZPA

NEW ZEALAND

COMPUTER FIRM ENTERS CHINA MARKET

Wellington THE EVENING POST in English 18 Dec 85 p 6

[Text]

The Lower Hutt computer software company Progeni has made a multi-million dollar breakthrough into the Chinese market with the forming of a joint venture company with the Beijing Institute of Aeronautics and Astronautics.

Progeni's marketing services manager Mr Trevor Diamond said the venture would lead to multimillion dollar business with contracts for the manufacturing of software products for distribution in educational institutes throughout China.

He said there were already several ideas for contracts although nothing was signed.

Mr Diamond said China was looking to expand its high-technology frontiers and the BIAA would provide hardware expertise for the venture and Progeni the software.

He said if Progeni manufactured equipment through the BIAA, that organisation could use a lot of Progeni's equipment.

Mr Diamond said while there was immense market potential in China there was also the potential to expand into South-east Asia.

The new company China Progeni Ltd will be owned on a 50-50 basis by the two

organisations and will develop and market the fourth generation learning system associated with the Poly computers.

Progeni will be responsible for marketing outside China on a worldwide basis, its managing director Mr Percy Harpham said.

Mr Harpham said China had a great deal of experience in applying technology to education with about 800,000 students being involved with their television universities.

He said the BIAA was one of the most important research and teaching institutions in China with research into everything from fighter aircraft to laser technology being carried out.

Progeni had first established contact with the BIAA in June and later exchanged delegations.

The joint venture should be fully operational about the middle of next year, Mr Harpham said. Early in 1986 about six Chinese computer people will start work with Progeni in Lower Hutt to develop a Chinese "friendly version" of Progeni products.

This will use Chinese characters and terminology and will allow teachers and trainers to develop courses without becoming computer programmers.

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CSO: 4200/479

PHILIPPINES

CPP FOUNDER SAYS SNAP POLL WILL POLARIZE NATION

Quezon City ANG PAHAYAGANG MALAYA in English 21 Nov 85 pp 1, 2

[Article by Desiree Carlos: "Snap Poll Will Polarize Filipinos, says 'Joema'"]

[Text] Jose Maria Sison, alleged chairman of the Communist Party of the Philippines, now detained at Fort Bonifacio, yesterday predicted that the holding of the snap election will only worsen the political and economic crisis and thus speed up the revolutionary process in the country.

He also said:

--If President Marcos indeed called the snap election without US prodding, he is out to preempt so-called political reforms, and the US attempt to project his successor;

--The Opposition is at a disadvantage if election is held earlier than scheduled because they will have little time to prepare;

--Marcos can choose his opponent through the selection of the Dominant Opposition Party (DOP); and

--The US wants a president and vice-president who are categorically for the US military bases beyond 1991.

Sison made the observations in a statement furnished Malaya.

"A sham reelection of Marcos through fraud and terror will cause the intensification of the revolutionary armed struggle, especially because Marcos is under US orders to escalate armed counterrevolutionary actions. His 'fresh mandate' is supposed to warrant a more violent anti-people and anti-communist rampage," Sison said.

Sison also foresees the possibility that the middle strata of society will eventually lean toward the armed revolutionary cause.

The most exploited and oppressed sectors of society -- the workers and peasants -- pushed against the wall by increasing repression and their loss of faith in government, may eventually support the revolutionary front, Sison said.

Members of mass organizations, Sison said, will most likely suffer more repression if they do intensify their legal democratic struggles.

If this happens, most of the legal activists would also swing to the armed struggle, he added.

If the US officials' claim that Marcos called for a snap election on his own initiative is true, Sison said Marcos may then be trying to preempt possible US attempts to put up a contender to the presidential throne.

Sison said the snap election is "too much of a surprise attack and a swindle" and the Opposition stands no chance at winning because Marcos has control of the election machinery; election rules, the Commission on Elections, government resources, military and paramilitary forces and the majority of the mass media.

"The sooner the presidential election is held, the more disadvantageous it is for the opposition parties which would be better off if given time to test and develop their mettle in the local elections first," Sison opined.

He, however, warned the Opposition that Marcos himself can choose his opponent for the presidential seat through the selection of the dominant opposition party. If Unido gets the accreditation as DOP, then former Sen. Salvador Laurel might get the presidential nomination from the Opposition. Sison said that if the Nacionalista Party gets the DOP accreditation, then former Foreign Affairs Minister Arturo Tolentino might be Marcos' opponent.

Sison, however, said that the opposition candidates should be chosen on the following criteria: "adherence to anti-fascist, anti-imperialist and anti-feudal demands; consistent struggle against the regime; individual competence; brilliance and uprightness; ability to get the broadest support within the Opposition and among the people; and access to resources for running an effective campaign.

Whether the US is for or against the holding of snap election, Sison noted it silence on Amendment 6, the repeal or modification of which it earlier demanded.

"Obviously, the US wants to retain Marcos or have his surrogate as chief puppet beyond 1987; he would have the autocratic authority to sign (possibly in 1988 when the current five-year agreement ends) an entirely new agreement extended the life of the US military bases beyond 1991," Sison said.

MANILA (AFP)--Philippine communist insurgents have denied US reports that they were receiving Soviet aid but confirmed they were actively seeking material and political support from abroad.

A statement of the National Democratic Front, a clandestine leftist alliance, published by the weekly WE Forum said "no offer of assistance has come from that direction and neither have we received any (aid)."

The NDF, led by the banned Communist Party of the Philippines and its estimated 15,000-strong New People's Army was reacting to US intelligence reports of increased Soviet and and contacts with them.

The NDF has made an open call to all revolutionary and progressive parties, movements, organizations, groups, individuals and even governments throughout the world to extend political and material assistance," said the statement.

The CPP-NPA, founded in the late 1960s, is heavily influenced by Maoist ideology and military strategy but is widely considered an indigenous movement that grew without any notable foreign support.

Its rapid expansion in the last two years, when the economy nosedived and opposition leader Benigno Aquino's August 1983 murder sparked political turmoil, has apparently caused financial problems. The CPP organ The Nation recently called on party members to be frugal and practise simple living.

Meanwhile, the Business Day newspaper published an interview with NDF spokesman Antonio Zumel, a former newsman who went underground in 1972 when President Marcos launched over 8 years of martial law.

Zumel reiterated the left's wait-and-see position regarding a planned snap presidential election set for Feb 7 and was non-committal on the question of participation or support for an opposition candidate.

President Marcos, whose current term ends in 1987, is seeking a fresh mandate after 20 years in power, citing the insurgency and economic crisis as the urgent problems he has to solve with a new vote of confidence.

"We're watching developments so that we know how to advance the people's interests. Whether (Mr Marcos) calls an election or not, our work goes on," Zumel said, adding that he personally believed there will be no snap poll.

On possible support for a candidate, Zumel refused to individual assess Salvador Laurel, Corazon Aquino and Jovito Salonga, who are considered the top contenders to become the divided oppositions common candidate.

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PHILIPPINES

OPPOSITION COLUMNIST SEES CORY CANDIDACY AS TOOL OF OTHERS

Quezon City ANG PAHAYAGANG MALAYA in English 19 Nov 85 pp 4, 6

["Politics and Politicos" by Ernesto R. Rodriguez: "Cory Aquino's 'Candidacy' Has no Chance to Prosper"]

[Text] "The problems in the world have their roots in injustice, intolerance, greed and dominance by the strong... The solution to these problems rests not in man's acquisitive nature but in his sense of justice and sense of community." Imelda R. Marcos, before the United Nations.

"This, then is the man you saw on television the other night and now let me ask you -- and let me hear your answer loud and clear -- did Marcos sound like a man who will ever allow himself to lose power by election? No? And why should we be surprised at that? No long term dictator in history has ever lost power by election." Raul S. Manglapus, before the Movement for a Free Philippines.

The MALAYA last Saturday carried a story by staffmember Larry Sipin ("'Delicadeza' for PSBS") stating that "leading opposition potential standard bearers, including Mrs Corazon C. Aquino, yesterday withdrew from further participation in the process of choosing a single opposition candidate in a snap presidential election."

The item quoted a statement of Mrs Aquino on the matter and later mentioned that former Sen Salvador Laurel and MP Eva Estrada Kalaw "also inhibited themselves from participating in the selection process."

Lest the impression be created that, at least with respect to Doy Laurel, he too had only inhibited himself, only after Cory Aquino had set the example, I wish to state, in the spirit of fairness, that as early as last Feb 15, the MALAYA had published an item, entitled "Palma new NUC head," which said that MP Cecilia Munoz Palma, retired Supreme Court justice, "was elected by the Batasan opposition members in a caucus after former Senator Salvador H. Laurel, stepped down as NUC chairman."

Whoever masterminded the "Cory Aquino for President Movement" should have known that the exercise was doomed from the beginning. It was, as they say,

"too little and too late." And the tragedy of it all is that it had to happen to one of the noblest characters in our history as a nation.

The Filipino people have embraced Cory Aquino with that special kind of warmth traditionally reserved for the survivor. In her case, for the surviving widow of the foremost and undisputed leader of the Opposition who was killed in a most heinous manner, while returning home on a mission for peace and reconciliation with the dictator of his beloved homeland.

Cory's place in our hearts and minds rests on that traumatic happening on the tarmac. It is purely emotional.

The unprecedented outpouring of affection for Ninoy's widow amounting to a phenomenon, is actually but a reaction to circumstances of her husband's death. It will last only as long as Cory herself remains as a national symbol, detached from the mundane, in this instance politics. For the obvious fact is if she were not Ninoy's widow, she would be just like most everyone else of her sex, just another woman.

The story is told that when Sen Edward M. Kennedy first ran for the United States Senate, his rival, Edward McCormack, a nephew of U.S. House Speaker John McCormack, said: "If his name was Edward Moore, with his qualifications, with your qualifications, Teddy, if it was Edward Moore, your candidacy would be a joke." It was a rude thing to say but the same thing could probably be said by some unkind souls of Cory's candidacy, in that if she were not Ninoy Aquino's widow, her candidacy would be a joke.

The truth is Cory Aquino has become a rallying point for -- let's admit it -- those who realized that Doy Laurel is so far ahead in the race, that no one among his rivals is in a position to catch up with him. Singly, not one of the other PSBs could, at this point, hold a candle to Doy's preeminent claim to the Opposition's support in the presidential contest. Not one of them has the undivided support of his political group. While Doy has the solid backing of the best organized political party in the Opposition, of two major parties as a matter of fact, the UNIDO and the Nacionalista-Laurel. And, for that matter, also several splinter groups.

In view thereof, all the other so-called presidential timbers are spoilers, some of them hoping that they could wangle the No. 2 spot under Cory, in the final reckoning. This was the *raison d'être* for the "Stop Laurel" movement, and the sudden ascendancy of Cory Aquino as a presidential possibility. And the media blitz that followed. Remember the joke about Philippine crabs how they would pull down the ones on top, in order that they could themselves get there?

But why Cory Aquino really? What are her qualifications for the presidency, outside of the fact that she is Ninoy's widow? What is her stand on the problems of the day? What is her platform, her program of government? What does she have to offer our people? Is she not being used as a kind of stalking horse by Doy's rivals to serve as a screen to cover their maneuverings? Would she not be putty in the hands of the politicians and

businessmen in their lust for power? What experience has she had in public service? She is being highpressured by every means conceivable, she is being stampeded into an uncomfortable situation. She should know though that the presidency is a man's job and you do not send out a woman to do a man's job. The way many people see it, Cory Aquino is the victim of a joke, a cruel joke. And that is most unfortunate.

One opposition leader is reported to have said that if Senator Laurel does not give way to Cory Aquino, he himself would be compelled to also run for the presidency. That is blackmail, pure and simple. And that simply means that the man does not believe in the democratic process. He knows that he by himself cannot win but he does not want anyone else in the opposition to win too.

While the rest of his political rivals were content to issue press releases about their speeches before civic organizations, Doy Laurel busied himself with contacting people in the provinces, the people who would count in the final analysis. When some of his rivals were content to stay on the sidelines or lead boycott activities, Doy took to the hustings and was able to convince a great many to run in the elections for the Batasan. Is it fair that he would now be pressured into giving way to a Johnny-come-lately? Besides, he, as well as his rivals, have agreed to abide by the results of an NUC process of selecting the sole Opposition candidate for the presidency. The claim that Cory Aquino is the only one who could unify the Opposition is at best only a self-serving claim by Doy's rivals. Do the other oppositionists dare say that if Doy becomes the candidate, they would rather vote for Marcos?

Related Happy Birthday, Doy!

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PHILIPPINES

SCANDAL HITS FIRST LADY'S GREEN REVOLUTION

Quezon City ANG PAHAYAGANG MALAYA in English 22 Nov 85 p 1

[Article by Benjie Guevarra: "'Green Revolution' Fund Scandal Bared"]

[Text] The First Lady's highly-publicized green revolution program is beset with what could be a multi-million peso fund anomaly following the failure of project officials to account for its over P15-million budget since 1969, purportedly for backyard crop-growing activities in Metro Manila.

Suspensions are rife that program funds were siphoned off to dubious projects in Bohol, which highly-placed sources at the Ministry of Agriculture and Good claimed is the home province of a ranking program official.

The sources said MAF Minister Salvador Escudero III has ordered yesterday program chief Ramon Binamira to submit to him immediately a financial report on the First Lady's 15-year-old pet project.

The minister reportedly issued the order in the wake of the project's apparent failure in coming up with tangible accomplishments since it was launched in the city in 1969.

A ministry informant said Binamira has not updated the ministry on the financial status of the project, which has been allotted an annual budget of more than P1 million since 1969.

He said Binamira, who was personally picked by Mrs Marcos to manage her project, has not even called a board meeting of the green revolution council since the program was started 15 years ago.

Irrked with the virtual failure of the green revolution program, the First Lady had instructed Escudero early this year to prepare a similar but expanded project, another MAF source noted.

The result, he added, is the ministry's metro food production program which was launched during Mrs Marcos' birthday last July 2, and geared to undertake crop-growing and animal-raising ventures in Metro Manila.

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PHILIPPINES

LABOR MINISTER OPLE WARNING ON 'ANOTHER VIETNAM'

Quezon City ANG PAHAYAGANG MALAYA in English 19 Nov 85 pp 1, 2

[Article: "Another Vietnam"]

[Text] MANILA (AFP)--The United States and other foreign powers may undertake a "major intervention" in this country, creating another Vietnam or Cambodia, Labor Minister Blas Ople warned here yesterday.

Japan, Southeast Asian nations and Western Europe were concerned that the loss of the Philippines to communists would upset the global balance of power, he told a press forum.

"You can almost feel in Tokyo, in London, even in Paris and in Bonn, a lot of concern about the developments in the Philippines, and so I think that the events are setting us up for a major intervention not only of a foreign power traditionally familiar to us but of the alliances of the world," he said.

Ople, one of the administration's leading thinkers, added: "That should put us on guard because the Philippines should not be allowed to become a battle front for competing powers. That is going to Vietnamize the Philippines."

"We are being set up by events to become a Vietnam or a Kampuchea and I hope that regardless of partisan affiliation the political leadership of this country should be aware of that," Ople said.

The Philippines, a former US colony, hosts two strategic US military facilities, Clark Air Base and Subic Bay Naval Base, that cover the Pacific and Indian Oceans.

It belongs to the pro-Western association of Southeast Asian Nations.

Ople accused the Opposition of "inviting foreign intervention" in their efforts to unseat President Marcos.

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PHILIPPINES

ILOILO RESIDENTS PROTEST MILITARY-IMPOSED TAXES

Quezon City ANG PANAYAGANG MALAYA in English 14 Nov 85 p 9

[Article by Benjie Guevarra: "Military-imposed 'Taxes' Hit by Iloilo Residents"]

[Text] ILOILO CITY--Gambling syndicates allegedly controlled by ranking Constabulary and Army officials and personnel have proliferated in the once peaceful province of Iloilo as the government stepped up its military offensive in an effort to curb the worsening insurgency problem here, a human rights lawyer here said.

The increasing militarization has spawned a climate of fear as field commanders of military outposts have imposed stiff "taxes" on income-generating projects such as benefit dances in rural baranggay, charged lawyer Olegario Santisteban, regional coordinator of the Free Legal Assistance Group.

Santisteban bared in a recent dialog with local government and military officials led by Brig Gen Isidoro de Guzman, Regional Unified Command 6 chief, that these military-run gambling joints have mushroomed in the insurgency-plagued towns such as Alimodian, Leon, Miag-ao, San Miguel and San Joaquin.

He told Malaya the FIAG office has been swamped this year with over 20 complaints on gambling operations, notably cockfighting, the "cara y cruz" coin game and card games like "pusoy" and "lucky 9."

De Guzman has reiterated, however, the government's campaign against these illicit activities as he issued following the dialog a memorandum to his field officers to close down these joints and arrest the alleged military operators.

The FIAG lawyer said his office has also been receiving complaints on military officials who are allegedly asking baranggay leaders to "coordinate" with them in sponsoring cultural programs like benefit dances during fiestas.

This "coordination" means that the organizers must give a portion of the project's proceeds to the military detachment covering the area, Santisteban, quoting alleged complainants, said.

He said the baranggay leaders are forced to "coordinate" with these military men in the wake of reports that heavily-armed soldiers have violently disrupted the cultural projects in barrios where the organizers refused to pay such "taxes."

In a documented case last Dec 1, four persons were killed and several others wounded when paramilitary troopers strafed a benefit dance in baranggay Igcabugao, Igaras.

Manuel Esler disclosed that Vincente de la Cruz, a member of the Integrated Civilian Home Defense Force, suddenly fired at dance participants, killing his brother Cresenciano (Esler) who was operating the sound system.

De Guzman assured Santisteban during the dialog that his command will run after such violators.

"If I collect, they can collect, but since I do not collect, they are not supposed to collect from these barrio folk," the regional commander said.

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CSO: 4200/371

PHILIPPINES

CARDINAL SIN ASKS MILITARY TO DISMANTLE PRIVATE ARMIES

Quezon City ANG PAHAYAGANG MALAYA in English 16 Nov 85 pp 1, 2

[Article: "Sin's Appeal"]

[Text] Jaime Cardinal Sin asked yesterday the armed forces to dismantle the "private armies" of political leaders to ensure clean elections.

In a dialog between the Commission on Elections and leaders of various sectors at the Manila Hotel, Sin said "the AFP's role in the elections must conform to the highest tradition of maintaining civic order without infringing on the freedom and rights of countrymen."

Although he did not reveal the political leaders who have private armies, the Manila prelate said "the men and women in uniform must not yield to any form of coercion and manipulation by vested interests that would effectively destroy its professionalism and reduce its status into a mere mercenary."

Acting AFP Chief of Staff Lt Gen Fidel V. Ramos, who was one of the guests, assured the public that members of the AFP will be neutral in the coming polls and will preserve the sanctity of the ballot.

"Every member of the AFP is ready to lay down his life just to ensure honest, orderly, and peaceful elections," he said.

Comelec Chairman Victorino A. Saveliano and Senior Commissioner Jaime C. Opinion also said that the Comelec is ready to hold clean elections and urged the various sectors of society to help the poll body in preventing electoral frauds.

Saveliano, Opinion and the other guests expressed the need to hold a clean and honest election in order to stabilize the economic and political situation of the country.

"If the nation is to survive as a democracy, free, orderly and honest elections should be fairly guaranteed and implemented not only by the Comelec, but also by the AFP, judiciary, the political parties and by every Filipino," Sin added.

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CSO: 4200/371

PHILIPPINES

ENRILE SUGGESTS AFP INFILTRATED BY CRIMINAL WORLD

Quezon City ANG PAHAYAGANG MALAYA in English 17 Nov 85 p 8

[Article: "Criminals in AFP"]

[Text] Defense Minister Juan Ponce Enrile yesterday acknowledged that the military has somehow been infiltrated by elements from the criminal world.

Enrile made this remark even as he battled for a tighter recruitment procedure in the Armed Forces to prevent the possible infiltration of criminal elements in the military.

The defense minister was reacting to an issue regarding the involvement of military and police personnel in major crimes which was raised during an open forum at the Sulo Hotel.

Enrile was guest of the Integrated Bar of the Philippines Quezon City chapter meeting.

Certain members of the military and police have been implicated in most crimes, including sensational crime incidents like the kidnap-slaying of newsmen Tio Olivarez, the El Fraile Massacre, and other robbery-holdup cases.

Enrile, however, said that just like in any organization, there are a few misbehaving persons in the Armed Forces, but they comprise less than one percent of the entire military organization.

But the continuity by which certain members in the armed organization are getting involved in crime is alarming, observers said.

Enrile assured though that the defense ministry, including the Armed Forces leadership, will do something about this and starting with a restudy of the recruitment process.

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CSO: 4200/371

PHILIPPINES

BUSINESSMEN QUESTION GOVERNMENT TARIFF FIGURES

Quezon City ANG PAHAYAGANG MALAYA in English 23 Nov 85 p 23

[Article by Rosa Ocampo: "Businessmen Question Government Figures"]

[Text] The private sector is questioning the accuracy of the tariff rate quoted by the government to support the IMF-dictated import liberalization program scheduled early next year.

Business leaders disputed the government's method of coming out with an official statement of tariff rates reaching 28 percent, computed by lumping the tariff rate of all import items and dividing it by the number of items counted.

Businessmen said there is no across-the-board tariff rate of 28 percent. The individual rates are determined on an industry-by-industry and product-by-product basis, they said.

Trade and Industry Minister Roberto Ongpin earlier said the country's tariff rate on import, lowered from 48 percent to 28 percent, is still one of the highest in Asia.

One of the purposes of the trade liberalization, is to bring down further the tariff rate which contributes to the increasing prices of both commodities, he said.

Businessmen said in a number of instances the government slapped high tariff rates on finished products and raw materials that are not even imported and less tariff on imported items.

They cited the case of the local glass manufacturing industry where tariff protection is still very high, at 25 percent, compared with the rate in other countries, ranging from 0 to 5 percent.

If, indeed, there has to be import liberalization, businessmen said "it should be all the way, including government owned industries."

Businessmen noted the government unduly competes with the private sector, with government -- owned and -- backed industries enjoying substantial tariff protection.

This situation is evident in the high tariff walls on steel products and tin cans to protect the National Steel Corp, a company owned by the National Development Company.

As a result, they said 65-75 percent of the total cost of canned goods such as sardines, milk and corned beef is due to the high cost of local cans.

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CSO: 4200/371

PHILIPPINES

DOLLAR BLACKMARKET RETURNS AFTER YEAR'S HIATUS

Quezon City ANG PAHAYAGANG MALAYA in English 21 Nov 85 p 6

[Article: "\$ Blackmarket Active Anew"]

[Text] After nearly a year in hibernation, the dollar blackmarket is becoming active once again, an unusual development at this time when a lot of foreign exchange is available from legal sources.

Since two weeks ago, the Binondo blackmarket has been attracting more buyers, mostly importers needing financing for their raw material purchases, Luis Arriola, secretary-general of the Confederation of Philippine Exporters, told Malaya.

The demand for dollars has sparked renewed buying by the Chinese-Filipino group controlling the so-called Binondo central bank, pushing buying rates at P19 to the dollar, compared to the official rate at around P18.75-\$1. Previously, blackmarket buying rates were P.25 to P.50 lower than the official rate.

The syndicate at present is selling at between P19.20 and P19.50 to the dollar.

The sudden activity in the blackmarket was attributed to speculations of another devaluation in the face of the coming snap election and the delay in the release of the third tranche from the International Monetary Fund standing credit amounting to 106-million special drawing rights.

Malaya sources who are familiar with the operations of the Binondo ring, however, could not understand why legitimate importers would be affected by the speculative fever.

Trading in the Binondo central bank does not involve physical delivery of dollars. A buyer is usually given a dollar-denominated draft which he could only use by depositing with a commercial bank in payment for imports.

This is a roundabout way of doing business -- at a higher cost at that -- compared to the simple opening of letters of credits with dollar-rich commercial banks.

Arriola admitted he believes the current P10.75-\$1 rate will still go down in the next two to three months. Any devaluation, he said, could come only after the Presidential election set Feb 7.

The rise in dollar trading, Malaya sources said, could be another move by a high government official who controls the Binondo market to trap speculation-prone businessmen.

At this time last year, the official allowed the blackmarket to quote a high of P24-\$1. Businessmen stocked up on their imported inventory in anticipation of further worsening of the Peso, only to lose heavily when the peso steadily declined from the official rate of P20-\$1 to \$18-\$1.

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CSO: 4200/371

PHILIPPINES

JAPANESE MANIPULATION OF FISHING BODY DENOUNCED

Quezon City ANG PAHAYAGANG MALAYA in English 20 Nov 85 p 12

[Article by Benjie Guevarra: "Japanese Manipulation of Seafdec Assailed"]

[Text] TIGBAUAN, Iloilo--Disgruntled officials of the Southeast Asian Fisheries Development Center here have denounced the alleged maneuvers of the Japanese government to "shrewdly" control this international institute in a bid to maintain a cheap and steady source for Japan's rapidly-increasing fish requirement.

They charged that scientist-consultants of the Japan International Cooperation Agency assigned here at the aquaculture department -- Seafdec's main station in Asia -- are tightly controlling Japanese fund donations and equipment grants to ensure the implementation of their favored research projects.

Unlike other foreign agencies which turn over their donations to Seafdec's finance division, sources said these JICA consultants directly channel Japanese funds to their favored endeavors, especially those concerning the production of fish, prawns and shrimps.

The 'consultants' "deep concern" for such research undertakings is indicative of Japan's interests in the Philippines which exports to that country over P300 million worth yearly of shrimps alone, one irate Seafdec official stressed.

JICA's attempts to consolidate its power base in Seafdec, he added, is best seen in their sponsorship of "momboshu" scholarships which are distinct from the regular staff development programs offered by the regular staff development programs offered by the institution to deserving employees and scientists.

The source explained that the Japanese government sends abroad about five researchers yearly for advance training so it can develop soon a cadre of top scientists loyal to Japan instead of Seafdec. "Suspensions are rife that JICA wants such a staff pool to be the future source of the center's top-level management amid the consultants' serious lobbyings for favored officers to hold vital posts or have their appointments renewed for another term.

Documents furnished today showed that the requisition was approved through the Japanese Funds "shall be couched into the terms of the JICA contribution for reconstruction."

Other sources pointed out, however, that JICA's efforts to gain a firm grip on the funds is only logical in the wake of a December 1960 report of the Commission on Audit which berated the "gross mismanagement" of Seafar funds. These sources said a powerful clique of former and present Seafar officials has been securing multimillion-peso contracts for infrastructure projects, and the supply of laboratory facilities and equipment.

"The government has at last decided to put up a permanent law to stop the order to curb the alarming hemorrhage of Seafar funds," the informants said.

Seafar director Alfredo Santiago Jr. declined to comment on the reported maneuvers of Manila Japanese donors.

/s/ [unclear]
CWB: [unclear]

THAILAND

BANGKOK'S GOVERNOR'S POLITICAL TIES VIEWED

BK221134 Bangkok WIWAT in Thai 16-22 Dec 85 pp 19-21

[Article: "Major General Chamlong Simuang: The Future Premier From Class 7"]

[Text] Major General Chamlong Simuang's victory in the recent Bangkok governor's election has, according to many columnists, earned him the title of "the politicians' politician." Critics attribute his triumph in the gubernatorial poll to his good and consistent "preparations," not to "any luck."

After his return from study in the United States, Maj Gen Chamlong was reportedly appointed secretary general to the prime minister with the help of the "Young Turk Group," consisting mostly of graduates of the Chulachomklao Military Academy's Class 7, because General Prem Tinsulanon had wanted to give this position to General Han Linanon, then chief of staff of the 2d Army Region, who had been very well acquainted with Gen Prem during the latter's service as 2d Army Region commander. However, the Young Turks' power was strong enough to force Gen Prem to accept Chamlong despite of his low rank and lack of seniority. The Young Turks had earlier attempted to have Chamlong appointed deputy interior minister or interior minister in General Kriangsak Chamanan's government.

Colonel Manun Rupkhachon, leader of the Young Turk group and a close friend of Chamlong, said: "I can assure you that Chamlong can successfully fulfill any job assigned to him." His statement reaffirmed Maj Gen Chamlong's past political achievements in mustering support against the bill to legalize abortion and the Army-proposed constitutional amendment.

While the Young Turks were licking their wounds from the abortive 1-3 April [1981] coup attempt, Maj Gen Chamlong Simuang kept a low profile in the defense ministry. While Col Manun and his colleagues were planning another coup, Maj Gen Chamlong kept himself busy with his "Santi Asok" religious cult and the formation of the Buddhist "Salvage Army." He frequently traveled upcountry to preach his beliefs, thus garnering more popular support.

As Col Manun Rupkhachon failed in his "second coup attempt," Maj Gen Chamlong Simuang, his close friend, won the Bangkok governor's election.

Maj Gen Chamlong Simuang did not join the Young Turks in either the 1 April 1981 or the 9 September 1985 coup attempts. He walks "his own way." Maj Gen Chamlong Simuang's different way of struggle has not affected his close ties to the Young Turks, which were quite obvious from the 14 October 1973 incident to the fall of Gen Kriangsak Chamanan's government in March 1980.

Maj Gen Chamlong Simuang wrote a letter to his classmates expressing his opposition to the extravagant reception they had planned to celebrate his promotion to major general after the 9 September coup attempt. Nevertheless, good relations between Maj Gen Chamlong Simuang and Col Manun Rupkhachon remain stable. Col Manun Rupkhachon said in his letter from Frankfurt to his classmates: "Let's support Maj Gen Chamlong in every way as much as we can."

The Young Turks once again gave Maj Gen Chamlong a helping hand in the Bangkok governor's elections. Many of their actions in this regard were not known to Maj Gen Chamlong Simuang.

Colonel Prachak Sawangchit even met personally with Police Captain Chaloen Yubamrung on several occasions to persuade him to throw his Muangchon Party's support to Maj Gen Chamlong Simuang in the Bangkok governor's election. The Muangchon Party also fielded its candidates in the Bangkok governor's and city council elections. Pol Capt Chaloen reportedly rejected Col Prachak's request. However, it will not be very difficult to draw the support of the Muangchon Party for Maj Gen Chamlong Simuang because Pol Capt Chaloen has developed close ties with the 1 April coup conspirators during their detention at Bang Khwang Prison.

Although Maj Gen Chamlong Simuang has not yet made any "official" staff appointments in the Bangkok Metropolitan Administration, he is expected to appoint his soldier friends to help him in the city administration. Expected selections include Lieutenant Colonel Winai Somphong, former aide-de-camp of General San Chitpatima and an expert in filing documents and arranging tasks according to their priority; Colonel Prap Chotikasathian, another of Gen San Chitpatima's former aides-de-camp with a reputation for sound judgment and intelligence; Colonel Bowon Ngamket, a former artillery officer and one of the 1 April coup conspirators; and Colonel Kampanat Ketwiriya, a former staff officer. These "are capable persons who are acquainted with the Bangkok governor."

An official in charge of the Bangkok governor's staff appointments said: "The appointment of the Young Turks to work for the Bangkok government should not create any problem. We have to admit that Maj Gen Chamlong selects his coworkers from the people he knows. Among hundreds of Young Turks, there must be some who are capable of doing the work. They are not selected because they are Young Turks, but because they are capable."

Regardless of what criteria are used to screen the persons to help Maj Gen Chamlong Simuang, the Young Turks have unanimously agreed "to give their solid, long-term support to Maj Gen Chamlong Simuang..."

The Young Turks are not yet strong enough to form their own political party. Col Prachak Sawangchit, a key of the Young Turk group, has tried it. Meanwhile, Maj Gen Chamlong Simuang's Ruam Phalong group is still too young to develop into a political party, which requires both money and popular support as well as a well organized body. However, Maj Gen Chamlong Simuang's relations with the Social Action Party, in the eyes of some of Maj Gen Chamlong's supporters, can help shorten the path for his Ruam Phalong group to becoming a political party.

The Social Action Party survives only because it has "M. R. Khukrit Prmot" as its leader. Although nobody accepts him as "the pillar of democracy" as the SIAM RAT newspaper put it, M. R. Kukrit Pramot is at least "the pillar of the Social Action Party."

Besides M. R. Khukrit Pramot, Air Chief Marshal Sitthi Sawetsila, Phong Sarasin, and Bunchu Rotchanasathian are the only members who might be [words indistinct] the party's leadership. "It is not difficult for Maj Gen Chamlong Simuang to pose himself as a future candidate for the leadership of the Social Action Party. He is now 50 years old. It is no dream for Maj Gen Chamlong Simuang to become the leader of the Social Action Party in the next 5 or 10 years. Nor is it a dream for Maj Gen Chamlong to be one of the candidates for prime minister. General Athit Kamlang-ek, General Chawalit Yongchaiyut, and a few other personalities are not the only ones qualified for that position. We still have time to push Maj Gen Chamlong Simuang on the road toward the premiership."

Maj Gen Chamlong Simuang seemed unhappy with the fact that the support from Class 7 that was poured on him within weeks after his winning the Bangkok governor's election was "too soon." During this period, he wanted to settle his "personal problems" rather than taking on any particular work.

Speaking to reporters about the overwhelming support he received from the people in the Bangkok governor's election, Maj Gen Chamlong Simuang said: "I do not know what to do yet. I will have to do what I am expected to do. We are not stupid. We will not be lazy."

To maintain the people's "faith," Maj Gen Chamlong Simuang must listen to suggestions from his supporters and at the same time, try to repay the people who have helped him. Of course, this is quite a heavy burden for someone who has been elected by almost half a million votes.

The support of Class 7 might also lead to "confrontation with its enemy." It is not known whether Class 7's enemy will pose an obstacle to him in the future. This is the big problem that Maj Gen Chamlong must tackle if he is preparing himself to become prime minister.

After taking office as Bangkok's governor, Maj Gen Chamlong Simuang and his deputies called on the prime minister for a briefing on the government's policy concerning the Bangkok administration. Later, he participated in the charity walkathon organized by Lt Gen Phichit Kunlawanit before paying a courtesy call on Gen Athit Kamlang-ek.

So far, Maj Gen Chamlong Simuang has not yet really started any particular work as Bangkok's governor. He still has a long way to go to become prime minister. He must be tested and tempered by both his friends and enemies.

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CSO: 4207/111

THAILAND

ELECTORAL 'MUDSLINGING' CRITICIZED

BK260810 Bangkok NAEO NA in Thai 25 Dec 85 p 4

[Editorial: "Point to Ponder"]

[Text] A by-election will be held tomorrow in the districts of Phra Nakhon, Pomrap, Pathumwan, Samphanthawong, Bang Rak, Dusit, Phayathai, Samsen Nai, Thung Phayathai, and Khlong San of Bangkok. A total of 703,617 eligible voters will cast ballots to elect two members of the House of Representatives.

Only three political parties, all in the coalition government namely Social Action Party, Democrat Party, and Prachakon Thai Party, have fielded candidates for the vacancies in the lower house. The election campaigns launched by the three parties are expected to affect their relations to a certain extent because each candidate will have to stress to the public the strengths of his party and at the same time expose the vulnerabilities of his opponents and their parties. However, one political party involved in the by-election has been accused by the other two of being detrimental to the country and the throne and of being infiltrated by communists.

This is an act of mudslinging which should be obsolete as democracy develops in the country. To say that a party in the coalition is detrimental to the country and the throne will create suspicion among the people -- who might even withdraw their support for the government of General Prem Tinsulanon.

Such a defamatory accusation does not benefit any party or the government as a whole.

Meanwhile, the "Sayamanusati" program broadcast by the army radio network on the morning of 23 December also accused certain political parties of having created division between the military and people during their canvassing campaigns. Some pro-Social Action party newspapers even quoted M. R. Khukrit Pramot as saying that the Democrat Party should not have done that sort of thing.

It is obvious that the trouble has spilled outside the coalition government and caused uneasiness among the people. The country's democratic system

is endangered. The people will tend to think that elections always bring rift and conflict. As a matter of fact, after the election everything will end peacefully as our desired democracy proceeds toward another milestone.

Those who are shortsighted, emotional, and unscrupulously disregard the country's long-term interests are not qualified to lead the country.

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CSO: 4207/111

THAILAND

MINISTERS VIEW JENKINS BILL VETO, FARM BILL

BK211240 Bangkok SIAM RAT in Thai 21 Dec 85 pp 1, 12

[Excerpt] A report from Washington D.C., the U.S. capital, said that U.S. President Ronald Reagan will sign the draft agricultural bill, known as the "farm bill," approving subsidies for agricultural exports facing marketing problems in the world market because of high domestic prices. The enforcement of this bill will enable U.S. agricultural products, such as wheat, corn, cotton, rice, and soybeans to be more competitive in the world market.

Commerce Minister Koson Krairoek said that as far as he knows, the U.S. Government will use \$500 million to support its cereal products. He said that this U.S. method violates GATT regulations on tariffs. Thus, he has asked the Foreign Ministry to protest to the United States.

The commerce minister also added that he had asked the Foreign Trade Department and the Commerce Ministry's advisors to monitor Thai rice markets as well as the actions of its competitors.

"I think that the United States will try to regain its rice market in Africa, which are now controlled by us," Koson said.

Deputy Commerce Minister Phirto Chaiyaphon expressed hope that the U.S. Government will not pass this draft bill because it will affect not only Thailand, but also rather developing countries. If the bill becomes law, it will draw opposition.

The Deputy Commerce Minister thought that Thailand should "lobby" against the bill by explaining the pros and cons of the bill, especially its impact on U.S. allies.

Regarding the textile issue, Industry Minister Dr Chirayu Itsarangkarn Sir Ayutthaya, in his capacity as chairman of a special working group for negotiations regarding the Jenkins bill, said on Friday that we should not be too happy because of President Reagan's veto of the Jenkins Bill. The bill will be returned to the U.S. House and Senate for reconsideration again and it may gain enough support in both of them to override the presidential veto.

Dr Chirayu added that the working group will not be dissolved until the reconsideration of the Jenkins Bill will still have to take place. The U.S. House is scheduled to discuss the bill in August 1986.

THAILAND

BRIEFS

BORDER SITUATION 'CALM'--The present situation along the Thai-Cambodian border in Prachin Buri Province is not serious because the Vietnamese-Heng Samrin forces have not moved their personnel, Burapha [Eastern] Tan Force Commander Major General Choetchai Thirathanon told reporters yesterday afternoon: [Begin recording] [Choetchai] The present situation does not indicate clearly that the enemy will do anything violent along the border right now. They usually send troops to suppress resistance forces along the border in the dry season, but the situation this year is still calm. There is no indication of violence. [Unidentified reporter] Is there any border aggression? [Choetchai] No, there is no aggression. The enemy is mostly stepping up the erection of barriers, such as barbed wire fences and mines, and the construction of antitank canals along the border, so there is no aggression right now. [Unidentified reporter] Is there any refugee problem? [Choetchai] There is no refugee problem. There are two refugee centers in the areas under our responsibility -- one in Ta Phraya and another at Khao Ta Ngok. They are under the control of officials with no problem. [end recording] [Text] [Bangkok Domestic Service in Thai 0000 GMT 22 Dec 85] /12640

EXPORT PROBLEMS TO USSR--According to a report prepared by the Business Economic Department of the Commerce Ministry, there are always problems in trade between Thailand and the Soviet Union. As a socialist country, Soviet trade is monopolized by its government and conducted by its Foreign Ministry whereas in Thailand trade is conducted freely. Negotiations therefore usually take a long time and seldomly yield satisfactory results. The report also notes that Soviet imports are based on its periodic demand -- what it is short of during the year. The country is not dependable for regular imports, especially of food items, from other countries. This has made it difficult for Thai long-term planning. Moreover, Thailand is not a major trade partner to which the Soviet Union gives much attention. The report notes that there is still a possibility of increasing exports to the Soviet Union if the government and private sector join together in coordinating a long-term marketing plan, including holding Thai trade exhibitions in the Soviet Union and setting up an association of exporters to the Soviet Union. [Text] [Bangkok MATICHON in Thai 23 Dec 85 p 2] /12640

COUP DETAINEES TRANSFERRED--Several senior military officers with the rank of general who were charged with involvement in the coup attempt on 9 September are now being detained at the temporary detention site at the special branch division. Police officials are in charge of their security and an official of the Corrections Department coordinates the process of extending their detention time. Some of the generals concerned have reportedly behaved themselves in a manner unsuitable to their position as detainees. Low-ranking officials supervising these generals have felt uneasy about the generals' activities, such as their invitation to monks to chant and their staging birthday celebrations in the detention site. Regarding this matter, Sanit Ruchinarong, director of the Corrections Department of the Interior Ministry, reported that his department has discussed with the Defense Ministry's Judge Advocate General's Department and agreed in principle that supervision of detainees who are military officers will be transferred to the military. The date of implementation of this agreement will be agreed upon later. [Text] [Bangkok THAI RAT in Thai 23 Dec 85 pp 3, 2] /12640

CSO: 4207/111

16 January 1986

WESTERN SAMOA

BRIEFS

PRIME MINISTER'S RESIGNATION--Western Samoa's prime minister, Tofilau Eti, has resigned following the defeat of the 1986 budget and the rejection by the head of state at his advice to dissolve Parliament and call new elections. The prime minister announced this decision to Parliament. This creates the way for the opposition-coalition to form a new government. The swearing in of the new government in Western Samoa is expected early next week. [Text] [Melbourne Overseas Service in English 0300 GMT 28 Dec 85 BK] /9738

CSO: 4200/477

PEOPLE'S REPUBLIC OF KAMPUCHEA

BRIEFS

RETURNEES IN SIEM REAP--Phnom Penh, 8 Dec (SPK)--With 1 month ending on 20 November, 143 misled persons, including 103 Pol Pot followers, reported themselves to the revolutionary power of various localities in Siem Reap-Oddar Meanchey Province. These repentants brought with them 90 assorted weapons. [Text] [Phnom Penh SPK in French 1137 GMT 8 Dec 85 BK] /6662

BOU THANG GREETES GDR MINISTER--Phnom Penh, 12 Dec (SPK)--Bou Thang, defense minister of the PRK, has sent warm greetings to General Heinz Kessler on his appointment to the post of national defense minister of the GDR. In his message, the Cambodian minister expressed firm belief that the bonds of friendship, solidarity, and all-round cooperation between the peoples and armed forces of the two countries will further develop with every passing day. Bou Thang wished his GDR counterpart good health and great successes in the accomplishment of his noble task. [Text] [Phnom Penh SPK in French 0426 GMT 12 Dec 85 BK] /6662

CSO: 4219/17

MILITARY AFFAIRS AND PUBLIC SECURITY

BEIJING'S WAR OF ENCROACHMENT ON BORDER IS AGGRESSION

Hanoi TAP CHI QUAN DOI NHAN DAN in Vietnamese Sep 85 pp 8-16

[Article by Trung Dung: " War of Encroachment on Border -- A Style of Beijing's Aggressive War "]

[Text] Following their big failure in the aggressive war conducted at both ends of our country with the "two jaws of the pincers" strategy in 1979, the Chinese hegemony-advocating expansionists have been waging a style of war of destruction of many facets in our entire country. In this war they are also encountering the fierce fighting of our army and people, who have inflicted upon them important initial defeats. Since April 1984 Beijing has been escalating the war with an extremely dangerous act, to strengthen and step up the military activities on our northern border into a form of war of encroachment on the border.

The war of encroachment on the border is a style of Beijing's aggressive war, with limited purpose, limited forces and limited space, on the border, but it also is very bitter and fierce, with some aspects of it being as bad as those in the aggressive war that the enemy had fought against our country. It has the greatest scope and intensity since the aggressive war of 600,000 Chinese troops in 1979. It has led to an extremely serious, tense and hot situation on our northern border. Currently this war still continues and it is very likely that in the time to come Beijing will step it up, both in scope and intensity and in combat maneuvers and measures. We must expose the nature, plot and maneuvers of the Chinese hegemony-advocating expansionists in this form of war of encroachment on the border. Our army and people must recognize more fully the enemy's villainous and shrewd face, always remain vigilant, sharpen our determination and resolutely defeat the enemy in their war of encroachment on the border.

As it conducts the war of encroachment on our border, Beijing is afraid that the world and domestic opinion will condemn it. Therefore, they have

spread distorting propaganda arguments. Although Beijing sent its troops over to seize our territory, it claimed that "Vietnam has sent troops to fight on the Chinese side" and that "China had to counterattack for self-defense." They deliberately create the impression among the people who have not known the situation very well, including some men of goodwill, that this is only "an armed confrontation of local character" caused by "the border dispute" between Vietnam and China!

The military realities on the border of our country have totally refuted such awkward enemy distortions.

How could we say it was "an armed confrontation of local character" when Beijing used a large main-force contingent from its army to launch attacks and encroachments of such a large scale as they did lately?

Only between April 1984 and the end of June 1985, in 15 months, the Beijing aggressive army launched 5 waves of large-scale action of the nature of military operations in a narrow stretch of land not even 20 kilometers wide in Vi Xuyen District of Ha Tuyen Province. There they rotated for participation in the war action 11 divisions and 2 army corps of 5 (out of 11) great military regions. In the area facing our Ha Tuyen Province at one time there were as many as eight Chinese divisions. (Let us note that during the time of its aggressive war in South Vietnam, the American army taking part in it never had more than 11 divisions of both the army and other arms at any given time.) With this force combined with the local troops, the Chinese army launched hundreds of large and small attacks to encroach on our territory, many at divisional and regimental level.

During this same period, Chinese artillery fired into our country as many as 1.3 million artillery and mortar shells. The monthly average was nearly 100,000 shells. At the peak of their activities, on many occasions they fired up to 50,000 shells a day. In some waves of attacks, as in one that lasted from 2 to 27 April 1984, they fired into 26 of 30 districts, 125 of 150 villages near the border, 28 border outposts, some as far as 20 kilometers from the border, and even some densely populated cities and towns. We can see more clearly the ruthless nature of China's acts by making this comparison: the largest number of artillery shells the American and Saigon puppet armies had ever fired was 30,000 a day, at the time they had been giving concentrated firepower support to their infantry units for a recapture of the City of Quang Tri in 1972, compared to 50,000, the number of artillery and mortar shells the Chinese fired a day in the Vi Xuyen area.

Along with the above-mentioned fierce attacks and shellings, Beijing also conducted 250 intelligence and espionage activities; 300 commando-type activities; nearly 100 intrusions, ambushes, kidnappings and assassinations aimed at our

cadres, combatants and people while combining them with the war of destruction, psychological warfare, counterpropaganda and other activities aimed at motivating the reactionaries inside our country to launch covert activities against our country's revolution. In recent months, China has committed a new savage crime by using small mines floating down Lo and Chay Rivers to inflict casualties on hundreds of civilians not only in the border area but also in such deep-inland areas as Hanoi, Hai Hung, and so on.

All of such activities originate from the line and strategy of the Beijing ruling clique and have been fully prepared for in terms of both planning and the actual conditions for carrying them out. The Zhong Nan Hai leaders themselves, such as Deng Xiaoping and Hu Yaobang, and the top commanders of the Chinese army, such as Zhang Aiping and Yang Dezhi, have come in person to talk loudly and to urge their soldiers to carry out the determination to encroach on Vietnam's border.

As we all know, a "border war" is normally considered one that is created by contradictions in a border dispute between two neighboring countries having the same border. The form of war of encroachment on the border waged by Beijing at the northern border of our country today totally lies outside of this concept. This is a war that clearly has aggression as its purpose and is waged by the Chinese hegemony-advocating expansionist clique. Our people and our land as its victims are forced to fight against this aggression in order to fully protect the borders of our fatherland and our independence and sovereignty.

In fact, the China-Vietnam border problem does not contain any dispute great enough to cause a "border war." That point had been clearly determined right in the first years after the establishment of the PRC and repeatedly reaffirmed since then. Most recently, in October 1977, at a reception honoring Council of Ministers Chairman Pham Van Dong during his visit in China, Li Xiannian, then vice premier, State Council of China (now president of the PRC), recognized that "The border between China and Vietnam was determined by a treaty that had been signed by the Qing Dynasty and the French government" and that "both sides have now expressed the readiness to respect this border."

And thus the arguments that "Vietnam has sent troops to fight on the Chinese side" of the border, as well as the so-called "border dispute" that China has intentionally created, are only the reasons for deceiving public opinion in their country and in the world. This was similar to the "Gulf of Tonkin incident" which the American imperialists had created in 1964 as the reason for covering up their plot to wage a war of destruction with their Air Force and Navy against North Vietnam.

If there really was a border dispute between the two countries, as a letter of the Vietnam Lao Dong Party Central Committee in November 1957 and a response from the Chinese Communist Party Central Committee in April 1958 agreeing to the contents of our party's letter stated, "any dispute that may occur about the border and all territorial problems must be resolved through negotiations."

As China openly sends its troops over to launch attacks and to seize land on Vietnam's border, why can it call this a border dispute?

No matter how shrewd China's deceitful arguments may be, they cannot defend the dark design and actual aggressive activities of the Chinese against our country. Following the aggression in 1979 of 600,000 Chinese troops, who had to withdraw, Beijing still remained stubborn as its troops continued to hold a number of areas being part of Vietnam's territory. Then, since 1980, every year they launched new offensives to seize many other areas. In 1980, they seized high grounds 583 and 371 in Van Lang District, Lang Son Province, and high ground 1992 in Xin Man District, Ha Tuyen Province; in 1981, a series of high grounds in the flat terrain 400 of Cao Loc District, in Lang Son Province, high grounds 1800a, 1800b and 1688 in Vi Xuyen District, Ha Tuyen Province, and so on. After they had seized an area, the Chinese troops built strong trenches and organized its defense right away.

As China sends its troops to attack and seize land of an independent and sovereign country, its action clearly is that of an aggressor. The war to encroach on the border obviously is a style of aggressive war. It no longer lies within the boundary of a multifaceted war of destruction as did the military acts of destruction in the past. It is being waged at the same time and closely combined with the style of war of destruction. The multifaceted war of destruction and the war to encroach on the border share the same purpose of weakening us in order to move toward conquering our country. However, both wars have different targets, forces, meaning and measures to take for their prosecution.

The multifaceted war of destruction is prosecuted in a lasting and permanent manner and primarily aimed at silently undermining all activities of our country's revolution and hoping to make us economically weakened and exhausted, politically and ideologically divided, culturally and spiritually degraded, unstable in terms of political security and social order and security, diplomatically isolated, and so on. From there and combined with military activities from without, they hope to overthrow our administration or to force us to accept defeat, to change our policies and to enter China's orbit. The principal force that carries on the war of destruction is the spies and reactionaries from without, the reactionaries within the country along with the people who

are against the revolution, the former Saigon puppet army and administration cliques who refuse to be reeducated, and so on. The grounds for the war of destruction include both cities and rural areas, both border and inland areas.

Unlike the multifaceted war of destruction, the form of war of encroachment on the border has its own targets, force and measures to be taken for its prosecution.

Its basic target is to seize land, "to gnaw" our territory and to carry out one step further their national expansion. The land areas which the Chinese troops recently were concentrating efforts on seizing were the ones that offer military advantages and the high grounds that serve their scheme aimed at dividing the lines for troop deployment, lend more strength to their defense network and are suitable for building a springboard for their attacks on our land. By unleashing the war of encroachment on the border, China also aims at the target of creating a permanently tense situation, which forces us to concentrate on coping with it and to be deprived of stable conditions for economic construction, and at the same time helps to prepare for a large-scale aggressive war to be started when they think the opportunities call for it. China also uses this war as a training ground for its troops, whose actual combat experiences are few. The war of encroachment on the border is also aimed at being combined with and creating favorable conditions for waging more effectively the multifaceted war of destruction.

China also uses the war of encroachment on our country's northern border combined with the aggressive war waged by its puppet army in Cambodia in the overall strategy of undermining the revolution in Vietnam and in the three Indochinese states and, in certain points in time, considers it a formula for saving the clique of its reactionary lackeys from defeat on the Cambodian battlefield.

The form of war of encroachment on the border as Beijing has unleashed is still going on. The Chinese ruling clique does not stop at these targets if the Chinese aggressive troops are not to face our army and people, who resolutely stop and fight them, destroy a lot of their vitality and means of war and bring bankruptcy to their combat measures. Depending on the actual events taking place on the battlefield, the situation in their country and the situation in Southeast Asia and the world, China's war to encroach on our border will become more bitter and complicated, with many new plots, targets and maneuvers. Military activities on the border may flare up sometimes and subside at other times, but the war of encroachment has not ended yet. In addition to constantly maintaining the intensity of their attacks and shellings as it was shown lately, at the key points in time in the situation having to do with their overall scheme, usually in direct connection with the war activities on the Cambodian battlefield, the Chinese may launch offensives of larger scale

aimed at seizing larger areas, or create more "Vi Xuyen's" elsewhere. At the same time, China also may use airplanes and warships to attack with fire-power or land troops against the important economic, political and communications points in our border and coastal areas and on our islands. We do not rule out the possibility for China to use light units to go deeply into and to attack our economic, military and political targets in our rear area within specific distances from the border.

Beijing also hopes to use the war of encroachment, combined with activities in the multifaceted war of destruction, as a "shield" to create a terrain for the exiled reactionaries, in cooperation with the domestic reactionaries, to set up the so-called "liberated zone" or "autonomous zone" where the Vietnamese lackeys-traitors will hoist a torn pro-Beijing flag to hide the aggressive face of the Great Han expansionist tendency.

The war of encroachment on the border lately had some limits in space. But once the Chinese rulers extend it to the entire border, it will become a "fuse" and the transitional war will possibly become a large-scale aggressive war. On our country's southwestern border, the attacks launched by the Pol Pot clique, Beijing's lackeys, in the period of 1976-1977 to encroach on our territory were gradually developed into a large-scale aggressive war, a style of aggressive war of the Chinese expansionists using their lackeys' reactionary army in Cambodia.

We must continue to be vigilant, to follow and to guard against the new adventurous policies of Beijing while they still refuse to accept defeat in the plot to fight and conquer our country.

The force that prosecutes the war of encroachment on the border includes both the main-force troops and local troops of the Chinese armed forces. At first, Beijing used the local force of the Kunming Military Region, which directly faces our northern border. But because the more they attacked, the more they suffered from defeat, Beijing had to mobilize a rather large part of the regular mobile force of the five great military regions behind it, such as Nanjing, Wuhan, Jinan Great Military Regions, for participation in the war. China's main-force troops have gradually become the principal force that prosecutes the war of encroachment.

In addition to the army, recently China prepared the public opinion, as well as material equipment conditions, for its Air Force and Navy to take part in this war. Once lately it assembled hundreds of aircraft, including armed helicopters and troops-carrying helicopters, in airfields close to our country's border.

In recent months, the realities of the war of encroachment on the border as it was prosecuted by the Chinese aggressive army showed a number of noteworthy points in connection with its combat measures. In addition to the scattered and constant shellings and encroachments conducted as a measure to prosecute the war, the Chinese troops continually launched waves of large-scale attacks having the nature of military operations on clusters of high grounds in the same area, with forces regularly of division size, and in some cases with forces of army corps scale or with many divisions. As they carried out their combat plans, there always was combat and operational coordination between the offensive activities of their infantry and the shellings aimed at our rear area by their artillery.

In their attacks, the Chinese troops applied the "fight surely, advance surely" move based on rather careful preparations in all aspects. The principal form of offensive normally was that of joint infantry-artillery action. Artillery was used with high intensity. Motorized batteries and large mortars were usually used to provide demolition fire, overpowering fire and standing barrage fire against our troop movement axes. The accompanying mortars normally were to provide support to the attacking infantrymen. In addition to the fixed artillery positions that had been built as fortified combat means near the border, the Chinese troops attached great importance to using field and mobile artillery pieces to create unexpected firepower intensity.

As to their striking power, the Chinese troops always created for themselves an overpowering advantage over the defending side, which normally was outnumbered by 5-6 times, in many cases 10-12 times and even 20 times in some battles. They launched attacks on the front, the flanks and also the rear of our strongholds and clusters of strongholds. They also launched attacks in both daytime and nighttime. Their attack formations consisted of many units launching surprise attacks and relentless assaults.

Along with the common form of offensive coordinating units of various arms, the Chinese troops also applied the secret form, with small forces launching sudden attacks. Noteworthy was the fact that recently they organized "suicide squads" consisting of 5-10 men, lightly armed, using high-powered weapons and under cover of darkness attacking our key points.

In defense, the Chinese troops immediately organized defense wherever they had seized land. They usually took advantage of and improved the existing trenches and shelters, brought along prefabricated structures or the necessary materials from the rear to build strong and impenetrable fortifications, and combined them with the existing ones. As they organized their defense network, the enemy troops paid a lot of attention to forming dividing lines and always tried to drive out the key elements in our "comb tooth tactics." Around their strong points they planted antipersonnel mines combined with obstacles

of the nonexplosive kind. At the strongholds used in their defense, they usually set up observation stations that operated beyond the battlefield to detect things and to launch preemptive strikes from afar. When they were attacked, the enemy troops on the one hand primarily relied on the existing fortifications and on-the-spot firepower to fight back, and at the same time used artillery and firepower from other strongholds as powerful reinforcement. What was especially noteworthy was that in their defense, the Chinese troops always deployed strong mobile forces and launched counterattacks ranging from low to high level in a persistent and resolute manner. The combat realities in Ha Tuyen showed that they once counterattacked 25 times in 1 day in order to try to recapture the land they had lost. Another fact we should pay attention to was that all enemy defense positions, mostly the artillery positions, were carefully camouflaged and kept in impenetrable, secret and unexpected locations. During the day, the enemy troops involved in defense did not show any movement above the ground level and greatly restricted their own use of radio communications for information and liaison purposes. At night, they avoided showing lights and making noises.

The form of war of encroachment on the border with the above-mentioned purposes, forces and measures obviously is a new military escalation on the part of Beijing as it carries out the basic plot to undermine Vietnam's revolution. At the same time, it is the product of the failure of China's strategy and tactics aimed at undermining Vietnam's revolution that it has applied earlier.

Looking back in history, we find that prosecuting the war of encroachment on the border against Vietnam, and against other neighboring countries, was China's traditional policy, which had originated from the Great Han expansionist tendencies thousands of years ago.

The history of China clearly showed that all the dynasties -- from Xia, Shang, Zhou, Qin, Han, Sui, Tang, Song to Yuan -- had taken advantage of their vast land and large population and army and had used troops to conquer, seize and subjugate the neighboring tribes, peoples and nations. A land of a few tens of millions of people in an area of more than 300,000 square kilometers in the Yellow River midland, today China has become a country of more than 9 million square kilometers, with the largest or record population of over 1 billion people. That was the very result of a series of aggressions, conquests and assimilation of the neighboring nations and countries through many centuries.

In fact, under the social system of slavery and feudalism based on the economic system of private ownership, with antagonistic class contradictions and oppression and exploitation being common, it was not a rare phenomenon of wars breaking out among nations for the purpose of conquering one another. But in the history of the world, it was hard to find a kingdom in which the ruling dynasties that succeeded one another continued to carry on aggression and

expansion for thousands of years without interruption as the Chinese dynasties of the time of slavery and feudalism had done.

It could be affirmed that to invade and to encroach on the borders of neighboring countries was the nature of the Great Han expansionism and hegemony. It had become an inherent way of thinking and the blood and flesh in the policies of the Chinese ruling cliques in China's entire history (those policies also included the "Han-ization" of the ethnic minorities in China).

Vietnam was one of the victims of China's expansionist and hegemony-advocating policies. Only from the beginning of the 10th century to the end of the 18th century, in 800 years, China had waged more than 10 major wars of aggression to try to defeat and conquer our country. Following the aggressive wars in which it had suffered from defeat and had been forced to withdraw its troops, China on many occasions tried to reoccupy many parts of our territory along the border we shared with China. (In the past, the Vietnamese dynasties had maintained bitter struggle in order to gradually recapture some of the lost land.)

In the Mao Tse-dong era, right after the civil war had ended, the new ruling clique in Beijing began to entertain expansionist and hegemony-achieving ambitions. So far people have not yet forgotten the many words full of expansionist ideas uttered by Mao Tse-dong, such as "We (China) must conquer the whole world, as our target is the whole world" (1959) and "We definitely must recover Southeast Asia, which includes Vietnam, Thailand, Burma, Malaysia, Singapore, etc. The Southeast Asian region is very rich, has lots of minerals and is greatly worth our efforts to recover" (1965).

With such ambitions, in the last few decades, in one way or another China in reality used many pretexts to encroach on the borders of 12 countries that shared them with China. Specifically, they provoked wars of aggression and armed encroachment against six countries -- India, Burma, the Soviet Union, Bhutan, Sikkim and Vietnam. In 1962, their troops attacked 100 kilometers deep in Indian territory and later seized from India an area nearly 36,000 square kilometers.

As for our country, even when Beijing had not yet openly adopted an antagonistic policy toward our country's revolution, it was secretly or overtly taking different measures to encroach on our land. It intentionally drew the map of Vietnam as a Chinese province; took advantage of helping us to build roads to encroach on our land; used the pretext of borrowing our roads and land to send Chinese people over to live and to earn their living, and later unilaterally annexed where they lived into Chinese localities; secretly moved the border markers more deeply into our territory; built barriers and dams to alter the flow of rivers and streams, which had been used as dividing lines between the

two countries, and thus to encroach on our territory; deliberately built long-lasting works in our land and then declared they were Chinese territory, and so on. To use the armed forces to prosecute the war has been the peak of Beijing's plot to encroach on our country's border. Naturally, that is not yet the highest peak in the plot to conquer our country and to expand its territory as China has been dreaming about.

Like the large-scale aggressive war in February 1979, the war of encroachment on the border this time will surely suffer from defeat inflicted by our army and people.

To prosecute the war of encroachment on our border has led to quite a few difficulties and has shown the basic weaknesses that Beijing cannot overcome.

First of all, due to the lack of a good cause in the war, the Chinese rulers not only have failed to obtain the agreement and support of the Chinese people and soldiers but also were fiercely opposed and strongly condemned. Since the world opinion gets to know more and more about Beijing's dark design in this war, more and more people now support our people and object them.

No matter how blindly the Chinese troops have been indoctrinated, no matter how belligerent they may be in the beginning, once they cross the border into our territory, mostly when our army and people fiercely fight them back, their combat morale will quickly decline and they will not "fight bravely" as the Chinese army leaders hope they will. Although they are numerically superior, they are backward and poor in terms of fighting capacity and combat experience; when they face an adversary who has a high and rich level of combat capabilities like our army, they will easily become confused and lost and will lose their confidence.

Although the war of encroachment on the border is not a large-scale aggressive war, the military situation on the border has considerably affected the stability of their rear area. The fact that the longer the Chinese army fights, the greater their losses and being bogged down will be cannot help causing adverse effects on Beijing's "four modernizations" objective and "open door" policy. This also is a matter that has led to quarrels among the Chinese rulers and army commanders.

By launching attacks to encroach on Vietnam's territory, China is revealing its real face -- it is opposing Vietnam, socialism, the Soviet Union and the world revolutionary movement. As a result, they are becoming more and more isolated, politically and diplomatically.

While Beijing's war of encroachment on our border has just developed, it bears in itself the factors of unavoidable failure. Adhering to the political

and military line of the party, boosting our subjective efforts to a high level and digging further into the enemy's basic weaknesses, our army and people will surely inflict total defeat on the form of war of encroachment on the border of the Chinese expansionist and hegemony-advocating clique.

(Read in the next issue: "The People's War for Defense of the Fatherland Beats the War of Encroachment on the Border.")

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CSO: 4209/159

INTERNATIONAL RELATIONS, TRADE, AND AID

DEFENSE MINISTER RECEIVES GREETINGS FROM COUNTERPARTS

BK251711 Hanoi VNA in English 1539 GMT 25 Dec 85

[Text] Hanoi VNA 25 Dec--Defence Minister General Van Tien Dung has received greetings from his Soviet, Cuban, Hungarian and Czechoslovak counterparts on the 41st anniversary of the Vietnam People's Army (December 22).

Marshal Sergei L. Sokolov, Soviet minister of defence, wrote in his message:

"Loyal to the Leninist banner of socialist internationalism, the combatants and the entire people of the Soviet Union will constantly consolidate the traditional friendship between the peoples and armies of our two countries, and firmly support the Vietnamese people's endeavours to safeguard their national independence, strengthen socialism and maintain peace in Southeast Asia."

The Cuban defence minister wrote: "The Vietnam People's Army has gone through a long fight to defend the successes of the people. We take this opportunity to wish the Vietnamese Armed Forces still greater victories in the defence of their motherland."

The Hungarian minister of defence wrote in his message: "We put a high value on the achievements won by the Vietnamese Armed Forces in the building and defence of their motherland and admire the great sacrifices and courage they have displayed in accomplishing their proletarian internationalist duty."

The minister of national defence of the Czechoslovak Socialist Republic said in his message:

"We highly value the heroic revolutionary path (which) the Vietnam People's Army has experienced aimed at defending the inviolable interests and border of their country against aggressive schemes of the enemy."

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CSO: 4200/449

INTERNATIONAL RELATIONS, TRADE, AND AID

PRK'S BOU THANG GREET'S SRV'S VAN TIEN DUNG

OW231839 Hanoi VNA in English 1635 GMT 23 Dec 85

[Text] Hanoi VNA 23 Dec--Bou Thang, minister of national defense of the People's Republic of Kampuchea has extended warmest greetings to his Vietnamese counterpart, General Van Tien Dung, on the occasion of the 41st anniversary of the Vietnam People's Army (Dec 22).

The message reads:

"The Kampuchean people as well as the progressive people the world over remember for ever the history of the revolutionary struggle of the three Indochinese countries' armies which have stood shoulder to shoulder in the same trench fought together against their common enemies--the French colonialists, the U.S. imperialists and the Chinese expansionists and hegemonists and their henchmen, and won great victories, firmly defending the revolutionary gains of the three countries on the Indochinese peninsula.

"The Kampuchean people and army engrave for ever deep in their hearts the great service done to Kampuchea's revolutionary cause by the Vietnam People's Army, thus creating favourable conditions for the Kampuchean people to revive in independence, freedom, and peace and become the real masters of their own destinies under the leadership of the People's Revolutionary Party of Kampuchea, a genuine Marxist-Leninist party.

On this occasion, we would like to send our highest regards to the Vietnamese fathers, mothers, brothers and sisters, who have encouraged their sons, daughters, brothers and sisters to fulfill their noble proletarian internationalist mission in Kampuchea in order to help the Kampuchean revolutionary armed forces firmly defend their sovereignty and territorial integrity."

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CSO: 4200/449

INTERNATIONAL RELATIONS, TRADE, AND AID

LAO DEFENSE MINISTER GREETs VAN TIEN DUNG

OW231859 Hanoi VNA in English 1623 GMT 23 Dec 85

[Text] Hanoi, 23 Dec (VNA)--Lao Defence Minister General Khantai Siphandon has extended his warmest greetings to Vietnamese Defence Minister General Van Tien Dung on the 41st anniversary of the Vietnam People's Army.

General Khantai Siphandon said in his message of greetings:

"Under the wise leadership of the Communist Party of Vietnam which is always loyal to Marxism-Leninism and the great President Ho Chi Minh's teachings and with its tradition of staunch revolutionary struggle and noble internationalist spirit, the Vietnam People's Army has recorded brilliant exploits, defeating, together with the entire Vietnamese nation, all aggressors and fulfilling its duties towards the nation as well as its noble internationalist obligations.

"Nowadays, the Vietnam People's Army has become a mighty and modern revolutionary army and a firm mainstay for Vietnam's national defence, thus actively contributing to the socialist construction in Vietnam and to the consolidation and defence of the socialist outpost in the Indochinese peninsula, and to the defence of peace in Indochina, Southeast Asia and the world over.

"The Lao People's Army are happy and proud of having a staunch comrade-in-arms as the Vietnam People's Army and consider its growth and victories a great encouragement to the Lao People's Army, and an important contribution to consolidating and strengthening the special militant solidarity and alliance between Laos and Vietnam and among Laos, Vietnam and Kampuchea."

The Lao defence minister expressed profound gratitude towards the Vietnamese party, state, people and army for their precious assistance and support for the Lao revolution.

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CSO: 4200/452

INTERNATIONAL RELATIONS, TRADE, AND AID

FOREIGN MINISTRY DELEGATION ARRIVES IN SRV

AU211449 Tirana ATA in English 0900 GMT 21 Dec 85

[Text] Tirana, 21 Dec (ATA)--The delegation of the ministry of the foreign affairs of the PSR of Albania, led by Comrade Sokrat Plaka arrived in Hanoi on 20 December, where it was welcomed by the vice-minister of foreign affairs of Vietnam Hoang Bik Son as well as by other functionaries of the ministry of foreign affairs.

On 21 December, the delegation of the ministry of foreign affairs of Albania was received by the minister of foreign affairs of the Socialist Republic of Vietnam Nguyen Co Thach. On this occasion opinions were exchanged between them on the further development of the friendly relations between the two countries as well as on some problems of international situation.

In honour of the delegation, the minister of foreign affairs Nguyen Co Thach gave a dinner. Attending the meeting and dinner which passed in a warm and friendly atmosphere, was also the ambassador extraordinary and plenipotentiary of the PSR of Albania in Vietnam Syrja Laze.

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CSO: 4200/449

INTERNATIONAL RELATIONS, TRADE, AND AID

ALBANIAN FOREIGN MINISTRY DELEGATION DEPARTS

OW231815 Hanoi VNA in English 1640 GMT 23 Dec 85

[Text] Hanoi VNA 23 Dec--The Albanian foreign ministry delegation led by Vice Minister Sokrat Plaica left here today successfully concluding its five-day visit to Vietnam at the invitation of the Vietnamese foreign ministry; it was seen off by Vice Minister Hoang Bich Son and other high-ranking officials of the Vietnamese foreign ministry, and Albanian ambassador to Vietnam Syrja Laze.

While here, the delegation paid tribute at Ho Chi Minh Mausoleum, visited the late president's home and office, had working sessions with some Vietnamese economic organizations, and toured a number of economic, historic and cultural establishments in Hanoi, Ho Chi Minh City and Quang Ninh Province.

The delegation was cordially received by Nguyen Co Thach, alternate political bureau member of the Communist Party of Vietnam Central Committee and foreign minister.

The Albanian foreign ministry delegation held talks with a Vietnamese foreign ministry delegation led by Vice Minister Hoang Bich Son.

Present on these occasions were Hoang Manh Tu, acting head of the Vietnamese foreign ministry's department no. 1 for European affairs and Albanian ambassador Syrja Laze.

The two sides informed each other of the situations and tasks in their respective countries, exchanged views on the strengthening and development of the friendship and multifaceted cooperation between Vietnam and Albania and the relations between the two foreign ministries as well as on regional and international issues of mutual concern.

The exchanges of views took place in a warm atmosphere of solidarity and fraternal friendship.

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CSO: 4200/449

INTERNATIONAL RELATIONS, TRADE, AND AID

FOREIGN MINISTRY DELEGATION MEETS SRV PREMIER 23 DEC

AU251602 Tirana ATA in English 0915 GMT 25 Dec 85

[Text] Tirana, 25 Dec (ATA)--On 23 December, the chairman of the Council of Ministers of the Socialist Republic of Vietnam, Pham Van Dong, received the delegation of the Ministry of Foreign Affairs of the People's Socialist Republic of Albania led by the vice-minister Sokrat Plaka, which is on a friendly visit to Vietnam.

The reception, which passed in a warm and friendly atmosphere, was attended also by the ambassador extraordinary and plenipotentiary of the PSR of Albania to the SR of Vietnam, Syrja Laze.

On 23 December too, the delegation of the Ministry of Foreign Affairs of Albania left Vietnam on a friendly visit to the Lao People's Democratic Republic.

The delegation was seen off by the vice-minister of foreign affairs of the SR of Vietnam, Hoang Bich Son, and other officials of the ministry of foreign affairs.

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INTERNATIONAL RELATIONS, TRADE, AND AID

CUBAN FRIENDSHIP GROUPS EXCHANGE GREETINGS

OW231821 Hanoi VNA in English 1627 GMT 23 Dec 85

[Text] Hanoi, VNA 23 Dec--The Vietnam Committee for Solidarity and Friendship with other peoples and the Vietnam-Cuba Friendship Association have sent their greetings to the Cuban Institute on Friendship with the Peoples (CIFP) and the Cuban Committee for Solidarity with Vietnam on the occasion of the CIFP's 25th founding anniversary.

The message said:

"Under the leadership of the Communist Party of Cuba headed by esteemed Commander-in-Chief Fidel Castro, in the past 25 years you have tirelessly worked for the friendship among nations and made outstanding contributions to strengthening their solidarity in the common struggle for national liberation, and for peace, national independence, democracy and social progress.

In the past 25 years, the CIFP has made a very big contribution to developing the friendship, militant solidarity and exemplary relationship between the Vietnamese and Cuban peoples.

On this occasion, we would like to express our most sincere and profound gratitude towards the party, government and fraternal people of Cuba for their fine sentiments and precious support for the Vietnamese people's revolutionary cause".

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CSO: 4200/449

INTERNATIONAL RELATIONS, TRADE, AND AID

NHAN DAN DEMANDS U.S. STOP NUCLEAR TESTS

OW240813 Hanoi VNA in English 0720 GMT 24 Dec 85

[Text] Hanoi VNA Dec 24--NHAN DAN today demands that the United States stop immediately all nuclear tests and seriously respond to the Soviet Union's good-will proposals.

The Vietnamese national daily points out: "The time for the Soviet Union's unilateral halt of all nuclear tests is about to end. Yet, nuclear tests have continued in the United States and it is particularly dangerous that these explosions are being used to create new weapons for 'star wars.' Mankind cannot help being anxious about this attitude of the U.S. ruling circles.

"The Soviet Union's unilateral moratorium on nuclear tests has set a shining example of the sense of responsibility towards mankind's destiny. If the United States does the same, it will help build mutual trust and create favorable conditions to advance towards an international agreement on stopping all nuclear tests, thus opening the way for the limitation and eventual abolition of nuclear weapons.

"Regrettably the U.S. administration is doing the contrary. In its view, the way to the abolition of nuclear weapons seems to have to go through a further step of increasing those weapons. In response to the Soviet Union's initiatives, the Washington administration tries to plead for its continuation of nuclear tests, firstly by pretending that the United States is 'lagging' behind on the field of nuclear armament." The paper rejects the United States claim about the "difficulty of control" aimed at covering its real design of striving for military superiority over the Soviet Union.

The paper says: "The Soviet Union's stance radiates justice and a sense of responsibility towards mankind. Recently, the Soviet Union has put forth concrete, fair and practical measures aimed at stopping the arms race, averting the danger of nuclear war, for peace and life."

"The U.S. ruling circles have no reason to elude the Soviet Union's proposals. Mankind demands that they quickly respond to the positive initiatives of the Soviet Union on the halt of all nuclear tests so that 1986, the international year of peace, may see real progress on the road of prohibiting nuclear tests of disarmament."

INTERNATIONAL RELATIONS, TRADE, AND AID

HUYNH TAN PHAT ATTENDS CATHOLIC CONFERENCE

OW240815 Hanoi VNA in English 0730 GMT 24 Dec 85

[Text] Hanoi VNA 24 Dec--A regular conference of the president and secretariat of the Committee for Solidarity of Patriotic Vietnamese Catholics (CSPVC) was held here early this month.

It was attended, among others, by Huynh Tan Phat, president of the Presidium of the Vietnam Fatherland Front. The president acclaimed the progress of the Patriotic Catholics' Movement and the contributions made by the CSPVC.

The conference unanimously noted that the international Catholic community has made many big changes. Noteworthy was the special session of the World Senior Bishop Council held in late November 1985 in honour of the 20th anniversary of the Vatican Council 2. A pastoral letter of the World Senior Bishop Council (WSBC) addressed to Catholics throughout the world was acclaimed early this month. Catholics in many countries have followed with great interest the WSBC and rejoiced at the new stance of the Vatican Council 2.

Vietnamese Catholics continue to show their attachment to the nation. Attention has been paid to reform practices incompatible with developments in the country. Thanks to the assistance of the people's administration and the Vietnam Fatherland Front, many Catholic activities have brought heartening results.

The Vietnamese Catholics' Movement for National Construction and Defence has made headway. Catholics in almost all dioceses have actively taken part in production. A great number of priests and a number of bishops have made active contributions to national construction and defence.

The foundation of the CSPVC has become an occasion for Catholics to demonstrate their patriotic achievements, which have won sympathy from the majority of monks, priests and bishops. Patriotism is the only way for the world Catholic church to go since the founding of the Vatican Council 2 and for Vietnamese Catholics as defined in the pastoral letter of the Council of Vietnamese bishops' session held in 1980.

The conference issued a statement in response to the international year of peace 1986 initiated by the 40th session of the UN General Assembly and the

program of action in the international year of peace of the World Council, considering it a new effort to rally all states and international organizations in the struggle for the common objective of consolidating peace and averting nuclear war.

The statement condemned the U.S.-led imperialist forces for starting a nuclear war, implementing hostile policy towards nations, backing forces to oppose the peoples in Latin America and South Africa, and causing in many regions in the world.

The conference hailed the Soviet Union and countries advocating a full nuclear weapon tests, ending the production of nuclear weapons and disarmament and gradually reducing and eventually eliminating all nuclear weapons from our planet.

On the occasion of Christmas this year, the CSPVC sent a letter to bishops, priests and faithfuls in the whole country, noting that 40 years since the Vietnamese people gained independence and national reunification in 1975, the Vietnamese Catholics have realized the significance of a life of peace and independence under the new system.

"We take this opportunity to express our love for God and the country. This is a good chance for Jesus Christ's gospel to be fully implemented in our life", the letter said.

It continued: "We strongly condemn the imperialists and international reactionaries for causing tension everywhere in the world, threatening mankind to the brink of a nuclear disaster. We support national liberation movements in defence of the right to live and we stand shoulder to shoulder with progressive people in staying the bloody hands of warmongers, defending the sacred values that Christ has reserved for mankind."

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CSO: 4200/449

INTERNATIONAL RELATIONS, TRADE, AND AID

REPORT ON ACTIVITIES OF CATHOLICS IN HO CHI MINH CITY

OW250909 Hanoi VNA in English 0750 GMT 25 Dec 85

[Text] Hanoi VNA 24 Dec--Catholic followers, who account for half of the 270,000 population of Tan Binh precinct, Ho Chi Minh City, are building an ever more stable material and spiritual life under the people's administration. Lying in the northwestern part of the city, the precinct housed many important military headquarters of the former Saigon regime including Tan Son Nhat Airport, the general staff of the puppet army and other military installations. Tan Binh precinct, whose Catholics mostly lived around these military bases was considered the security belt of these places.

Before liberation, most of the precinct's population lived on small trade or other services. The whole precinct had only one cinema house while the authorities invested in hundreds of brothels and gambling houses in service of GIs and Saigon troops.

When the city was liberated, Tan Binh had 100,000 unemployed, 42,000 disbanded soldiers and civil servants of the old regime and about 10,000 victims of social vices. Moreover, many Catholics had a false idea about the revolution, as a result of distorted propaganda in the old regime.

At a recent meeting with newsmen, Mrs Truong My Hoa, secretary of the precinct's party organization, quoted Albert Einstein as saying: "To break a fixed idea is more difficult than to break an atom", she was speaking of the authorities' efforts in the early days of liberation to get into contact with the local people.

"Aware of their feelings", she continued, "we took great care of their material as well as spiritual life. Gradually many have come to understand the revolution and contributed to stabilizing the people's life".

To boost production and solve the problem of unemployment was the prime concern of the precinct authorities and mass organizations after liberation.

From a few handicraft establishments, the precinct developed textile, engineering, leather, food processing and other industries.

Tan Binh now has 2,000 handicraft establishments employing some 19,000 workers, most of them Catholics. There are in the precinct many cooperatives whose members are all Catholics have contributed a great deal to these achievements.

Catholic farmers in Tan Binh also have made active contributions to the building of a green belt on the city's outskirts. Most noteworthy was the building of a 300 hectare vegetable farm with state aid and contributions from the local population.

Together with revolutionary cadres, Catholics have joined in improving the cultural life of the people. Not only popular art troupes but also church choirs take part in art performances at cultural houses in the precinct.

Catholic followers in Tan Binh no longer worry about the revolution compelling them to give up their religion as claimed by reactionaries. Everyday, at five o'clock when church bells toll, the faithful go to the morning mass, after that they go to work. Children can go to church to attend services reserved for them in the afternoon.

Besides religious practice, Catholic women who previously only stayed at home take part in social activities. Half of the executive members of the women's union in the precinct's wards are Catholic. Ms Doan Thi Dieu, a Catholic of the Tan Sa Chau diocese, is the director of the Hoa Anh Dao Creche in Ward 2. She has been honoured with the title of "outstanding worker" for four consecutive years.

Ms Ha Kim Quyen of the Chi Hoa Diocese, president of the Women's Union of Ward 2, has also been honoured "outstanding worker" for three consecutive years for her active contributions to goods delivery at the market. Half of the 20,000 young people taking part in the army and the young volunteer labour forces of Tan Binh are Catholics.

Visiting Tan Binh these days, one can see the bustling atmosphere at all its dioceses. The Catholics are busy making lanterns and other things in preparation for the celebrations of Christmas, the eleventh Christmas in peace since liberation.

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CSO: 4200/449

INTERNATIONAL RELATIONS, TRADE, AND AID

NHAN DAN EDITORIAL MARKS VPA FOUNDDING DAY

OW210759 Hanoi VNA in English 0728 GMT 21 Dec 85

[Text] Hanoi VNA Dec 21--The victories won by the Vietnam People's Army in the past years have further consolidated the revolutionary posture and forces of the three Indochinese countries and foiled the schemes of the Chinese expansionists and hegemonists in collusion with the U.S. imperialists and other reactionary forces, says NHAN DAN in its editorial today marking the 41st founding anniversary of the Vietnam People's Army.

The editorial continues:

The situation in the region and the rest of the world remains complicated. The enemy continues deploying its counterrevolutionary strategy, causing tension in many parts of the world. The Chinese expansionists and hegemonists in collusion with other reactionary forces always nurture the scheme of weakening and annexing our country and the two fraternal countries of Laos and Kampuchea, of late, they made no secret of their intention to oppose Vietnam for 100 years more. Their reactionary nature remains unchanged and they have not given up their dark designs. Our country is facing a situation in which peace and war co-exist. We must fight against their border-nibbling attacks and multifaceted war of sabotage, stand ready to defeat their war of aggression while fulfilling our internationalist obligation. In any circumstances, we have to implement the two strategic tasks: building and defending the socialist motherland and to continually strengthen our national defence and security. Our people's armed forces, upholding revolutionary heroism and upholding high vigilance, are prepared to defeat the enemy's war of any type, and defeat them right in the first battles on the frontline and in the first stage of the war".

The paper points to economic tasks of the army, namely to actively participate in productive labour, to practise economy so as to contribute to overfulfilling the 1986 state plan on socioeconomic development by closely combining economic development with national defence and vice versa.

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CSO: 4200/449

INTERNATIONAL RELATIONS, TRADE, AND AID

HA XUAN TRUONG ATTENDS HANOI PHOTO EXHIBIT

OW231738 Hanoi VNA in English 1548 GMT 23 Dec 85

[Text] Hanoi VNA 23 Dec--An exhibition of art photos on the three Indochinese countries under the theme of "land, people and friendship" opened here this afternoon.

Present were Ha Xuan Truong, alternate member of the Communist Party of Vietnam Central Committee, and head of the party Central Committee's commission for culture and arts; Hoang Tu Trai, secretary general of the Vietnam photographers' association; representatives of the Committee for Economic-Cultural Cooperation with Laos and Kampuchea and of the embassies in Laos, Kampuchea and other countries in Hanoi.

Also present were two delegations of Lao and Kampuchean photographers to the first art photo festival of the three Indochinese countries here, and others. On show are 162 photos, color and black and white, taken by 27 photographers, which describe the life, struggle, and national construction of the people of Vietnam, Laos and Kampuchea, as well as the militant solidarity among the three peoples and three armies.

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CSO: 4200/449

INTERNATIONAL RELATIONS, TRADE, AND AID

BRIEFS

PAPER MARKS 41ST ANNIVERSARY OF VPA--The Hanoi army paper QUAN DOI NHAN DAN Sunday [22 December] ran an editorial marking the 41st anniversary of Vietnam People's Army. The paper made a review of the activities by the Vietnam People's Army during the past 41 years and said in 1985 the Vietnam People's Army recorded many great achievements in fulfilling its strategic tasks of defending and building the motherland. The paper continued: While concentrating on the primary task of building the socialist homeland, the Vietnam People's Army should strengthen its fighting capacity, closely combine economy with national defense, while fulfilling international obligations toward the two fraternal countries of Laos and Kampuchea. [Text] [Hanoi International Service in English 1000 GMT 22 Dec 85 BK] /7358

INDIAN JUTE PROCESSING EQUIPMENT--India is selling cloth processing equipment to Vietnam. The contract is worth 3,610,000 rupees, Indian currency. First shipment has already left India containing deionizers, rolling machines, and weaving looms. Transfer of hardware will be completed in February 1986 with two more shipments scheduled in January and February respectively. This equipment will be operating in the jute processing factory in Vietnam named after the late Prime Minister Indira Gandhi. [Text] [Hanoi International Service in English 1000 GMT 22 Dec 85 BK] /7358

INDONESIAN ENVOY RECEIVED--Hanoi VNA 23 Dec--A Johannes Petrus Louhanpessy, ambassador extraordinary and plenipotentiary of the Republic of Indonesia to Vietnam, today presented credentials to State Council Vice President Nguyen Huu Tho. The Vietnamese vice president had a cordial conversation with the Indonesian ambassador. Also present were Minister Vo Dong Giang and deputy director of the office of the National Assembly and the State Council Ile Trang. [Text] [Hanoi VNA in English 1621 GMT 23 Dec 85 OW] /7358

LETTERS, GIFTS RECEIVED FROM HUNGARIANS--Hanoi VNA 23 Dec--A ceremony was arranged in Hanoi today by the Department for Youth Work of the General Political Department of the Vietnam People's Army to receive letters and gift from the youth in the Hungarian People's Army to Vietnamese Xung army men. Present on the occasion was Major General Chu Tu Di, on behalf of the general political department of the VPA. The military attache of the Hungarian embassy here handed over the letters and gift to Colonel Nguyen Van Thuoc, head of the department for youth work. The gift includes 100 bicycles. [Text] [Hanoi VNA in English 1631 GMT 23 Dec 85 OW] /7358

CZECHOSLOVAK SCHOOLS PROMOTE CONTACTS--Hanoi VNA 23 Dec--A ceremony was recently held in Ho Chi Minh City to mark the twinning of the Tran Hung Dao Basic General School in the first precinct of Ho Chi Minh City with the Secondary School No. 28 on Ho Chi Minh Street in Bratislava, Czechoslovakia. The twin schools will exchange letters and articles written and made by their teachers and students. Publications about the two cities will be disseminated to the two schools. The School No. 28 has set up a Czechoslovak-Vietnam friendship section and the school's young pioneer team has a new name, the Czechoslovakia-Vietnam friendship pioneer team. [Text] [Hanoi VNA in English 1604 GMT 23 Dec 85 OW] /7358

FRIENDSHIP MEDALS TO SOVIET PROFESSORS--Hanoi VNA 25 Dec--The Vietnamese Council of Ministers has recently presented the friendship medal to 14 Soviet professors and associate professors for their assistance in personnel training in the Central Higher Administration School. The presentation was made by Duong Van Dat, director of the school, on the occasion of the closing of the fifth course, the last of its five-year training plan. The Soviet experts, who were from the Institute of State and Law under the Soviet Academy for Sciences and the Soviet Academy for Social Sciences, had (?helped) train [words indistinct] Vietnamese cadres as well as members of the school's teaching staff. [Text] [Hanoi VNA in English 1534 GMT 25 Dec 85 BK] /7358

LE DUAN GREETIS ISRAELI CP OFFICIAL--Hanoi VNA 24 Dec--Le Duan, general secretary of the Communist Party of Vietnam Central Committee, today extended his warmest congratulations to Meir Wilner on his reelection as general secretary of the Israel Communist Party Central Committee. Le Duan wished his Israeli counterpart the best of health to successfully carry out, together with the Central Committee of the Israeli Communist Party, lofty tasks set forth by the party's 20th congress. [Text] [Hanoi VNA in English 1538 GMT 24 Dec 85 OW] /7358

WHO FLOOD RELIEF TO BINH TRI THIEN--Hanoi VNA 24 Dec--The World Health Organization has announced that it will send to storm-stricken people in the central Vietnam province of Binh Tri Thien two sets of medical appliances and a quantity of medicines worth U.S. \$30,090, enough to service 10,000 people within three months. [Text] [Hanoi VNA in English 1558 GMT 24 Dec 85 OW] /7358

GREETINGS TO INDIA'S CPI-M--Hanoi VNA 25 Dec--The Central Committee of the Communist Party of Vietnam has sent warm greetings to the 12th congress of the Communist Party of India-Marxist (CPI-M). The message says: "Over the past years, the CPI-M has made important contributions to the Indian people's struggle for independence, territorial integrity and prosperity of the country, and to the common struggle of the people in Asia and the world for peace, national independence, democracy and social progress. "We rejoice at the achievements made by the CPI-M and believe that it will gain new successes in its noble revolutionary (?use). "May the militant solidarity, friendship (?and) cooperation between the two (?parties and people be further consolidated) and developed." [Text] [Hanoi VNA in English 1536 GMT 25 Dec 85 BK] /7358

VIETNAMESE AWARD TO SOVIET ACTIVISTS--Hanoi VNA 25 Dec--Vietnamese charge d'affaires in Moscow, Nguyen Van Quang, on behalf of the Vietnamese State Council, has presented several Soviet social activists with "friendship order" [as received] in recognition of their contributions to the Soviet people's movement in support of Vietnam. The recipients included K.Yu. Nakhomichikov, president of the Soviet Committee for Support to Vietnam, Laos and Kampuchea; Gen R.G. Lyachenko, first vice president of the committee; A.S. Gromov, vice president of the Soviet APPSO Committee; and M.I. Chushin, professor of the Institute of National Economy under the Soviet Council of Ministers. The recipients thanked the Vietnamese State Council for the award and affirmed their up most [as received] to contribute to enhancing the solidarity, friendship, cooperation and mutual assistance between the peoples of the Soviet Union and Vietnam. [Text] [Hanoi VNA in English 0658 GMT 25 Dec 85 BK] /7358

MON OFFICIAL VISITS 13-24 DEC--Hanoi VNA 25 Dec--Colonel Samdan, deputy head of the Political Department of the Mongolian People's Army, visited Vietnam from 13-24 December at the invitation of the General Political Department of the Vietnam People's Army. While here, he was received by Lieutenant-General Nguyen Van Thanh, member of the Communist Party of Vietnam Central Committee and Deputy head of the host department. [Text] [Hanoi VNA in English 1538 GMT 25 Dec 85 BK] /7358

SOVIET AMBASSADOR AWARDS OFFICIALS--Hanoi VNA 25 Dec--The Presidium of the Supreme Soviet of the Soviet Union recently awarded the "Friendship Between Nations" order to Mrs Nguyen Thi Thap, honorary president of the Vietnam Women's Union, and Nguyen Ho, vice-president of the Vietnam-USSR Friendship Association and president of the Ho Chi Minh City branch of the association. The order was presented by B.N. Chaplin, Soviet ambassador to Vietnam, at a ceremony held at the Soviet Consulate General in Ho Chi Minh City on Monday. In his speech B.N. Chaplin appreciated the contributions of the recipients to the consolidation and development of the solidarity, friendship and all-sided cooperation between the communist parties and the peoples of Vietnam and the Soviet Union. [Text] [Hanoi VNA in English 1530 GMT 25 Dec 85 BK] /7358

VIETNAM DELEGATION IN PHNOM PENH--Hanoi, 26 Dec (VNA)--Foreign Minister Nguyen Co Thach arrived in Phnom Penh this morning for an official friendship visit to Kampuchea. With Nguyen Co Thach, who is alternate member of the Political Bureau of the CPV Central Committee and on behalf of [as received] the Vietnamese State Council, are Luu Van Loi, head of the Border Department under the Council of Ministers, and other senior Vietnamese officials. The Vietnamese guests were welcomed to the Pochentong Airport by King Norodom Ranariddh, member of the Central Committee of the People's Revolutionary Party Kampuchea (PRPK) and first vice foreign minister, and other high-ranking Kampuchean officials. Right after his arrival, Nguyen Co Thach and his party were cordially received by Hun Sen, Political Bureau member of the PRPK Central Committee, chairman of the Council of Ministers and minister of foreign affairs. This afternoon, the Vietnamese delegation had working sessions with its Kampuchean counterpart at the Chateau d'Indochine in Phnom Penh. [Text] [Hanoi VNA in English 1559 GMT 26 Dec 85] /7604

VISIT BY MPR ARMY PAPER OFFICIAL--Hanoi, 27 Dec (VNA)--Colonel P. Baragnay, editor-in-chief of the newspaper ULAAN OD (RED STAR) of the People's Army of Mongolia, has paid a 2-week visit to Vietnam. During his stay here, the Mongolian guest laid a floral tribute at the Ho Chi Minh Mausoleum, and visited the late president's house and office. He was received and had a cordial conversation with Senior Lt Gen Tran Van Quang, vice minister of defence. Colonel Baragnay had working sessions with the editor-board of the Vietnamese Army paper QUAN DOI NHAN DAN, toured several army units and economic establishments in Hanoi, Ho Chi Minh City and some provinces. [Text] [Hanoi VNA in English 0709 GMT 27 Dec 85] /9604

CSO: 4200/452

AGRICULTURE

SRV, FAO AGREE ON AFFORESTATION PROJECT

OW241641 Hanoi VNA in English 1552 GMT 24 Dec 85

[Text] Hanoi VNA 24 Dec--The Vietnamese Ministry for Forestry and the United Nations Food and Agricultural Organization (FAO) signed here today, a draft project codenamed "2780" on the protection of agricultural lands and the environment by afforestation of sandbanks and bare hills in the provinces of Nghe Tinh, Binh Tri Thien and Quang Nam - Da Nang.

Signatories were Tran Van Que, deputy minister for forestry, and Andres Roejkaer coordinator of development activities of the United Nations and representative of F.A.O. in Vietnam.

Under this program, FAO will supply Vietnam with 44,626 tons of wheat flour valued at 13,858,000 dollars to support the program of covering (78,090) hectares in the above-said localities with pine, fir and sandal trees.

Earlier, FAO and the Vietnamese ministry for forestry had signed a document of the same project providing Vietnam with grants for the purchase of seeds and polyethylene for sapling bags.

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CSO: 4200/449

AGRICULTURE

BRIEFS

CENTRAL HIGHLANDS COFFEE GROWING--Hanoi, 26 Dec (VNA)--The Central Highlands is the biggest coffee producer in Vietnam. Under the state plan, in the 5 years to come, the coffee acreage in the whole country will be expanded to 150,000-200,000 ha, chiefly on the Central Highlands, with a targeted output of 120,000-150,000 tons of beans. The Central Highlands is ideal for coffee growing. Its 1.3 million hectares of Basaltic soil accounting for a quarter the land area is generally sloping under 25 degrees, and has a layer of basalt more than 70 centimeters thick, forming large tracks of basaltic land from 300-800 meters above sea level. At such an altitude, the coffee areas in the Central Highlands have, generally speaking, a medium average temperature (Buon Ma Thuot, 24.3 degrees, Pleiku: 22.2 degrees, Bao Loc: 21.2 degrees), which is suitable to the coffee plant. Another propitious condition is the fairly high disparity between the day and night temperatures which accelerates the photosynthesis process and exerts a salutary effect on the quality of coffee. In Darlac and Gia Lai-kon Tum Province coffee is mostly planted on fertile lands near water sources while rubber is planted on poorer lands far from water sources. In Lam Dong Province, especially in Bao Loc and Di Linh districts, three kinds of plants are grown: coffee on fertile and sloping lands, mulberry on fertile and flat lands and tea on poorer lands. From 1982-84, the Union of Coffee Enterprises under the Ministry of Agriculture put more than 9,000 ha in Darlac and Gia Lai-Kontum under coffee. In 1984 alone, the union planted 3,830 ha, double the 1983 figure and up by 2.7 times compared with 1982. [Excerpts] [Hanoi VNA in English 0704 GMT 26 Dec 85] /9604

CSO: 4200/452

HEAVY INDUSTRY AND CONSTRUCTION

BRIEFS

MEKONG RIVER DELTA BRIDGE--Hanoi VNA 24 Dec--The 281m-long ferro-concrete Mang Thit Bridge--the longest so far in the Mekong River Delta--was opened to traffic in Cuu Long Province on 19 December, 34 days ahead of schedule. This helps raise the total length of bridges built in 1985 to a record figure. So far this year, the Central Transport Building Service has built 82 bridges with a total length of 6,874 metres. The biggest projects completed this year are the Thang Long Bridge built with Soviet assistance and the Chung Duong Bridge designed and built by Vietnamese. Four other big bridges were also opened to traffic: The Ghep and Ron bridges on Highway 1, the Mai Linh Bridge on Highway 6, and the Mang Thit Bridge on Highway 70. In addition, 13 small and medium-sized bridges were built and 43 railway bridges repaired. The transport construction services in many localities have also built 778 bridges with a total length of 12,130 metres and repaired 428 others totalling 8,867 metres in length. [Text] [Hanoi VNA in English 0727 GMT 24 Dec 85 OW] /7358

CSO: 4200/452

LABOR

SWEDISH AGENCY REPORTS ON BAI BANG WORK CONDITIONS

Stockholm DAGENS NYHETER in Swedish 10 Nov 85 p 7

[Article by Matts Dahlstrom: "Bai Bang Workers Lack Equipment"]

[Text] Vietnamese female woodcutters at the Bai Bang Swedish aid project work under the conditions of a constant acute shortage of fluids at temperatures close to 36 degrees, in which they lose 1.6 liters of water, corresponding to 3.2 percent of body weight, during one shift.

The dehydration increases heart activity by as much as 25 beats per minute, which contributes substantially to aggravating the physical stress.

Bai Bang's native woodcutters furthermore lack saws. They must fell trees with axes, and they have neither rubber boots nor raincoats during the difficult cutting shifts in pouring rain, which can occur 10-20 days per month.

This is made clear by a recent research report by the Swedish labor protection agency, which sent its own investigators to Vietnam's woodcutting brigades to study the kind of physical stresses under which the Vietnamese woodcutters at Bai Bang are living.

No Containers

The report ends with the proposal that the woodcutters in Vietnam, about 70 percent of whom are women, some pregnant, should receive rubber boots and raincoats, along with water flasks, so that their productivity can be increased.

It was the serious lack of water that moved labor protection agency investigator Ewa Wigaeus Hjelm when she visited the Vietnamese woodcutting brigade consisting of 36 men, 69 women, and 180 children.

"It was due to a crying lack of water flasks and containers," Ewa Wigaeus Hjelm told DAGENS NYHETER. "I had one and a half liters of water with me for my own use, and I was dying of thirst. The ten Vietnamese woodcutters, two men and eight women, three of whom were two to five months pregnant, drank a

deciliter each during the whole hot logging shift under the burning sun, which is completely inadequate.

"I saw Swedish aid workers throwing beer cans out of their cars, and at first I really had a poor opinion of that. But the beer cans were picked up in no time by the Vietnamese, who in this way obtained drinking containers, so throwing out beer cans can actually be considered a good deed," Ewa Wigaeus Njels thought.

They Pick Up Trash

In order to understand the extent of the shortages experienced by the Vietnamese at Bai Bang, one can note that the Swedish aid workers' garbage dump near the camp is emptied out to the point that there is not a single trash bag left when twilight falls, she explained further.

The ten Vietnamese woodcutters were hand picked for the Swedish labor protection agency's physiological studies. Their oxygen absorption, heart activity, etc. were tested.

They had very good oxygen absorption, and were well trained. Their heart activity, however, was consistently high, due to the extreme heat and lack of water.

In purely physical terms, the Vietnamese woodcutters stood well in comparison with Swedish and Indian workers.

Demanding

This is how the labor protection agency sums up the situation at Bai Bang:

"Logging is very demanding for these workers due to the physically heavy work, the heat stress, and the loss of water through perspiration.

"The total work stress can be reduced without a decrease in productivity through more numerous but shorter rest periods, along with increased water intake. By providing the workers with rubber boots and rain coats, increased productivity could even be achieved by making fixed work schedules possible even on rainy days, which are relatively numerous each year."

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POPULATION, CUSTOMS, AND CULTURE

VNA SAYS HANOI'S CATHOLICS CELEBRATE CHRISTMAS

OW241627 Hanoi VNA in English 1554 GMT 24 Dec 85

[Text] Hanoi VNA 24 Dec--On the occasion of Christmas 1985, Hanoi People's Committee, Fatherland Front Committee and the local Committee for Solidarity of Patriotic Vietnamese Catholics have sent their deputations to visit many Catholic parishes and Catholic families with meritorious services to the revolutions.

With the help of the local authorities, all the churches inside and outside the capital have been beautifully decorated for the occasion.

The city committee for Solidarity of Patriotic Vietnamese Catholics also held a meeting to review its work over the past year. It warmly welcomed the active contributions of Hanoi Catholics to the implementation of the government and city policies.

In the central Vietnam province of Binh Tri Thien, a joint delegation of the Fatherland Front Committees of the province and its capital, the old imperial city of Hue, which were recently hit by a devastating storm, has paid a courtesy visit to the bishops and priests in the diocese.

The delegation also paid visits to various churches in Hue City.

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CSO: 4200/449

POPULATION, CUSTOMS, AND CULTURE

BRIEFS

HANOI PROTESTANTS' CHRISTMAS CELEBRATIONS--Hanoi VNA 24 Dec--The Vietnam Protestants Association and its Hanoi branch held a ceremony here tonight to celebrate Christmas 1985. Finnish Ambassador to Vietnam Esko Antero Lipponen and his wife, Canadians working in various United Nations organizations in Hanoi and other foreign guests, were in attendance. Speaking at the ceremony, Minister Bui Huynh Thu, vice president and general secretary of the Vietnam Protestants Association, expressed his gratitude to the Vietnamese party and state for their assistance in the repair of the main protestant church in Hanoi and other activities of the association. He called on Vietnamese protestants to actively take part in the struggle for peace and against war. [Text] [Hanoi VNA in English 1559 GMT 24 Dec 85 OW] /7358

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